9

Reconstruction of a Modern Public Sector: Some Key Concerns

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Formally, the scientific community has systematically begun studying issues of public administration just a little over a century ago. Therefore, one may see public administration as a relatively new science while at the same time, it is a professional field as old as the state itself or even as old as people and governors. The high complexity of this field results from the multiplicity of terms, concepts and occupations that are different from one another but contribute comprehensively to the understanding of the discipline and its current state. Some researchers claim that the identity of public administration lies specifically in its inter-disciplinarity, which combines and integrates knowledge derived from sources comprising different social sciences. In accepting this claim, it becomes clear why the academic and other issues of public administration have become one of the most fascinating, dynamic, essential and relevant concerns of our times.

In order to understand the recent trends and their modification through public sector organizations, it is important to analyze a series of changes and processes that characterize the welfare society of our times. Nowadays, public systems worldwide are required to handle pressures emanating from various sources. The demands of citizens have increased, economic pressures have begun to limit the financial sources of public authorities, the third sector has started 'biting into' the government activities and its occupational fields, international and global influences have grown, public opinion and the press provide information and criticism more than ever before, and the advance in scientific knowledge in the fields of administration and organization are beginning to stress on greater efficiency and improved performance.

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While the processes identified with the 'previous generations' have led to a scientific recognition of public administration as an independent discipline as well as to the laying down of the ideological and methodological basis for its understanding and advancement, it is argued that the next generation trends call for the improvement of the performance of public administration through a process of increasing 'knowledge exchange' with affiliated disciplines of the social sciences. The main purpose of this chapter is to bring out the importance of the eclectic and multi-dimensional discussion on public administration and to highlight the many challenges that face it. The chapter deals with the identity of public administration in the present context and offers an inter-disciplinary perspective for the understanding of the trends of the next generation in this field. In addition, it attempts to critically discuss the changes, the public organizations all over the world have gone through in the last years. These have led to a systematic, theoretical focusing on the need to introduce creative, innovative and long-term thinking into the performance, management and mechanisms of public sector organizations. Besides, the chapter stresses the need to analyze the foreseeable changes in public organizations and their internal management methods in the context of the widening role of the welfare state.

IDENTITY CRISIS IN PUBLIC ADMINISTRATION

Public administration as a science and a profession is in constant search for its own identity and its ideological limitations (Lynn, 1996). During the last century, many countries have reached significant achievements in many fields. The public sector, which laid the appropriate foundations for facilitating the activities of the other sectors in the market and successfully planned the national priorities, is directly or indirectly responsible for many of these achievements. The end of the 19th century is customarily viewed as the period in which public administration developed from a field of legal and sociological discussion into a distinct social discipline with its own identity, an independent conceptual system, and a scientific and methodological agenda of its own. However, the claim that the basic characteristics of current public administration have remained similar to those of governmental systems of previous generations is still being made occasionally.

It is clear though that the feeling that nothing has changed is exaggerated. Since the end of the 19th century, and even more so during the 20th century, major changes have taken place in the field of public administration, both as a science and as a profession. These changes have resulted from worldwide developments and modifications in the political, ideological, industrial, technological, legal and

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the media environment of the society. In many ways, it can be said that the 'governmental game rules' have changed and have repositioned the public sector in the administrative system, bringing it to the forefront of the modern socio-economical change. Nowadays, public administration affects people greater and in more number of ways than it used to in the past, when control over improvement span (both technological and ideological) was not heard of.

In the changing context, the promise of public sector appears to have turned into an unfulfilled vision, and for many it has even become a source of major disappointment (Rainey, 1990). It is apparent that the public sector and its leaders are facing difficulties in motivating the great bureaucracies towards achieving their ambitious goals, mainly because the welfare state has grown beyond its ability to maintain itself. It is clear that while the burden of the missions, responsibilities, and expectations from the public system is growing, its skills and abilities to fulfil these expectations has not risen correspondingly.

Therefore, some consider the 1980s as the period in which the major conceptual change in the perception of public systems has taken place. While no one has ever doubted the goals of the public sector, many questions are being raised regarding the appropriate way to achieve these goals. It is clear that the gradual turning of the modern society into a 'service society' raises many questions regarding the normative relations between the different public sectors, the actual relations between them, and the manner in which each of these fields can contribute knowledge, experience and initiative to the other fields.

The development of the modern welfare country has set a high standard in providing qualitative and comprehensive service to the citizens, and one of the main questions the discipline of public administration is dealing with since the end of the 1980s relates to the right way of achieving these goals. The main answer, which the researchers of this field have been able to provide is, the advancement of learning from the business-private administrative field, the implementation in lessons based on its experience, and making the structure and processes of governmental systems more flexible so that they would be adaptable to rapid changes in their environment (Osborne and Gaebler, 1992; Lynn, 1996; 1998; Hood, 1991; Garson and Overman, 1983). In order to understand the changes and modifications, which have an impact on these, the appropriate reforms in public administration and the ways of implementing them, the two should be systematically compared as well as contrasted so as to set the points of similarity and distinction.

The claim raised in the beginning of the 1980s and even more during the 1990s has been that there are doubtlessly several business management characteristics, which can be implemented in public administration—even if this requires adjustment, modifications and

overcoming limitations—so as to strike a balance between an economical approach and a humanistic-social approach. Following this, a wave of demands for strategic change and a general managerial reform of public systems has been unleashed, a wave which has various names that have, yet a similar meaning, such as "Managerialism" (Pollitt, 1990), Market-Based Public Administration (Lan and Rosenbloom, 1992) and Enterpreneurial Governance (Osborne and Gaebler, *op. cit.*). However, the name which has become more commonly associated with this approach is 'New Public Management' or the NPM (Hood, *op. cit.*).

CHANGING ROLE OF PUBLIC SECTOR: THE NPM PERSPECTIVE

The New Public Management (NPM) approach has been defined in the early 1980s by Garson and Overman *op. cit.* as 'an interdisciplinary study of the generic aspects of administration ... a blend of the planning, organizing, and controlling functions of management with the management of human, financial, physical, information and political resources'. This definition expresses the wish of many of those who deal with administration and public policy, to 'shake' the conservative approach in this field and start motivating a process of managerial 'liberalism', whose main interest is to introduce changes into bureaucratic systems, which have failed in achieving their main goals and in implementing the required public policies in other fields.

Kettl and Milward (1996) have argued in this context that NPM is neither a traditional public administration concept nor it belongs to policy analysis in its accepted meaning, as it is based on a wide variety of disciplines and on a long line of scientific systems, which were not accepted in the past. The main approach upon which the NPM doctrine has been built is related to the business/industrial/private sector. Thus, researchers have developed a more demanding approach towards public organizations assuming that they can perform their duties better than they used to in the past, by changing the management, structure, and internal organizational culture strategies. The main criticism of the traditional public management by the new reformists is that it has failed in accomplishing one central mission: the ability to combine the different kinds of voluminous knowledge, which constitute an integral part of the different disciplines of social sciences and management studies. Thus, a 'heavy-weight' social issue has been discussed from a narrow perspective by a group of experts who have not had the vision to take into view this additional/parallel knowledge.

Accordingly, researchers have stressed the inadequate transfer and implementation of managerial and organizational ideas from the

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field of business management into public administration field (Lynn, *op. cit.*). The organizational and managerial theory has proved its efficiency in certain processes such as decentralization, involvement of employees in decision-making, introduction of competition between units, creation of a correlation between performance and rewards, insistence on the quality control of products and services, and paying special attention to the client. The public sector on its part has, for many years, preferred to ignore the proven facts of success, which lay at its feet. Public organizations have often remained centralized and have distributed roles at the management levels and units only when there has been no other choice. They have tended to avoid processes that introduce employees' involvement in decision-making, The term 'competition' has been unknown to the public sector. It has evidently left ineffective monopoly, in the fields of development and control over essential resources and services in the hands of the state.

For many years and in many countries, there has been no reasonable correlation between the performance and rewards of civil servants. The insistence on the monitoring of quality and service-providing processes has been non-existent. The public system has not given proper weightage to the view of the citizen as a client. In many countries, public administration organizations have missed their main goal by not setting the citizen at the centre of the action and of public service. It may be that the major breakthrough in the form of the NPM approach has been the attempt to destabilize this state of affairs. Even if this approach is not free from faults and mistakes, both on the theoretical planning level and on the performance level, its contribution to reforms in public administration systems in Britain, the United States, Canada, Australia, New Zealand and other countries has been phenomenal.

The NPM approach has posited questions regarding issues, which many have taken for granted: Why is it not possible to introduce the competition component into the activity of public administration? Why do bureaucratic activities take so long to actualize? Why is there no correlation between performance and rewards in the public sector? Why is it not possible to afford the citizens the treatment of clients and take their needs into consideration? Why is there no sufficient effort to measure and supervise the public sector's performances and the services, which it provides? The NPM approach has been successful in offering reasonable solutions and alternatives to such problems, which for many years have been perceived as unchangeable. It has also suggested solutions, which could be adopted in a modular manner in different countries according to their culture, values, and the character of the citizens and administration. Thus, a reasonable agenda has been formed for a process of reform and change, based on a limited series of new challenges to public administration (Hughes, 1995; Weikart, 2001; Hays and Kearney, 1997). We now discuss some of these challenges:

Downsizing and Debureaucratization Challenge

The downsizing and debureaucratization challenge has two main components. The first is the downsizing of the public apparatus and the narrowing down of the number of employees it employs. The other is the simplification of managerial and statutory processes, which have consumed a good chunk of time and resources in the past. The assumption behind the idea of downsizing the public apparatus is that in a developing world, a positive correlation between the size of organizations and their performance is not necessarily apparent, and it may possibly be quite the opposite. It may be that a 'thinner' public system would be able to show greater flexibility and initiative as it would adapt itself better to a dynamic and changing world.

The downsizing of bureaucracy borrows from the business-private management, the idea of 'doing more with less.' The public management is required to provide the public with more products and services of good quality and that too in a reasonable time-span, but there is no obligation that for the purposes of performing its duties, it would unnecessarily thicken its lines as it naturally tends to do. The debureacratization challenge is more serious where the role of the welfare state has expanded; and where the tendency to increase the number of positions in the public sector, recruit a large number of employees, and sometimes even the handling of economical problems have surfaced. According to the new reformists, the public sector in many countries has been inflated to much greater proportions than required and there is an urgent need to reduce it and bring it back to its natural dimensions.

At the same time, a process of debureacratization also includes increasing the efficiency of the process and not merely the quantity of output. The properly functioning governmental systems must act in a systematic manner and should therefore start implementing clear procedures of testing, control, supervision and the approval of processes. However, the NPM claims that in many places and in different fields, there exist inept, 'heavy' and inefficient processes to a degree that greatly damage the policy implementation processes. The new reforms must therefore include a re-testing of production and service-provision processes and their reduction to the absolutely essential minimum. This is possible through the introduction of an advanced and speedy technology, the combination and distribution of information services, access to IT, and the creation of flexible supervision and control mechanisms, which are 'transparent' to the clients to the extent that would not weigh down their activity and needs more than necessary.

Decentralization Challenge

The central meaning of decentralization is the transfer of decision-making processes closer to the citizens or in the managerial parlance,

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the clients. The decentralization process heightens the competitive environment, as it allows employees and managers at all levels more freedom of action, initiative and creativity, gives them authority they never had in the past, and reduces bureaucracy in the sense that the need for numerous approvals for actions comes down. Decentralization is a major challenge to performative and managerial systems in the public sector, which by their very nature are closely related to the political system. The tendency of the political system is to use the centralization of authorities in order to accentuate the power and strength of the political players. Thus, the influence on public management organizations is apparent, as these must work closely with those publicly elected and others who carry out political roles.

Decentralization is often perceived by politicians as a probable barrier in their ability to govern. They fear that bestowing of authority on others may reduce their ability to supervise what is being done and manage the state's affairs as they see fit. An additional problem with decentralization processes, which strengthen the challenge they posit is the tendency to finally decentralize public organizations without providing them with sufficient tools to act independently, both economically and budget-wise. However, even amongst politicians who have a conservative, authoritative and centralized managerial approach, the understanding that a new world cannot be managed with old tools seems to permeate now.

New Managerialism Challenge

New Managerialism challenge includes the use of processes of business management within governmental branches (Weikart, 2001). This challenge has many meanings. First, it is important to employ managers who have professional-managerial proficiencies and to make sure that their obligation is to the output and performances. Secondly, New Managerialism focuses on citizens as clients and on their changing needs and demands. It aims to make the managerial processes and goals more flexible so that they would be suitable to the clients' perceptions. In addition, New Managerialism wishes to introduce initiative, flexibility and creativity into government systems, which by their very nature are skeptical and unwilling to take risks, and therefore tend towards freezing and lack of innovation. The creation of new working relations within public organizations, the introduction of an organizational atmosphere and a culture of team work through a talented managerial leadership are tools, which no private organization can do without.

New Managerialism tries to put this vision across to the public sector as well and to exchange old and strict values with new and flexible ones. To achieve these goals, the New Mangerialism challenge includes the appropriate use of knowledge resources, their proper management and learning from past experience, while cleverly

documenting the processes and their manner of analysis in order to improve future decisions. The new technology, which exists nowadays allows public organizations to achieve this goal more easily and wisely develop the idea of electronic government (or e-government for short). Therefore, its teaching and quick introduction into government systems is very important.

Performance Evaluation Challenge

The performance evaluation challenge derives from public organizations' need to divert the attention from resources and processes to outputs and outcomes. In order to improve products and services, the public sector organizations must formalize standardization and measuring processes to supervize them in an orderly manner over time and to try and present a continuous and consistent tendency towards improvement (Pollitt, 1988, 1990).

Evaluating organizational performances is a field of knowledge whose beginning is in the field of industrial and engineering management. For many years, its implementation in public services' organizations has been considered problematic, as the characteristics of service products are significantly different from that of actual products. There is a strong disagreement upon the proper way of examining public services (Carter, 1989). How can one evaluate the quality of education, health or security service of a country? What are the standards which should be set? Who sets them? Should ideological and value-related principles be a part of the quality-examination process? Are ideas of distributive justice relevant to the performance-evaluation process?

These questions should be seriously discussed while a culture of performance evaluation is introduced into public management. On the other hand, these cannot be addressed in connection with the business-private sector, where there exists an agreement with regard to the need and the manner by which an improved apparatus of performance evaluation should be managed. It combines hard and soft, engineering and perceptual/behavioural performance measures, measures of inputs/process and results as well as other kinds of measures based on the statistical and prolonged monitoring and learning of each social service according to its own uniqueness and dynamic characteristics.

Privatization Challenge

The privatization challenge is perceived as one of the clear markers of the New Managerialism revolution. Privatization reflects the transformation in governments away from a centralized management of public organizations, which includes control, monitoring and a direct channeling of resources towards decentralization, the reduction of

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involvement, and the increase of competition in the various market fields. Privatization is almost naturally connected with the NPM, as it hands over managerial responsibility (and sometimes also ownership) from organizations, which have been completely public, to the business bodies, which act within the conditions of competition and free market. By increasing this freedom and creating competition, the expectation is that many services, which in the past have been managed in a heavy and inept manner, would become more flexible, responsive and efficient, and thus will come closer to fulfilling their original goals (Savas, 1994). Through the processes of privatization, the scope of governmental bureaucracy is reduced, the number of public sector employees is cut down, and the governments remain directly involved in the management of only the essential services in which it is impossible to or there is no wish to involve the business sector.

It is therefore understandable why the privatization challenge has been so eagerly adopted as a main component in the reform processes of many European countries, Australia, New Zealand, and even in various developing countries since the end of the 1970s. It is important however, to remember that the privatization challenge is usually accompanied by criticism and sharp drawbacks, which require a careful and calculated implementation. This process is sometimes accompanied by the maintenance of the state's strength and in its close monitoring of the developing competition process. These limits are essential, as the management processes that are based on—the open market principle—are generally opposed to social values such as justice, welfare to all, and fair distribution of public goods to those who are without resources.

IMPLEMENTATION OF NPM IN WESTERN DEMOCRACIES

Learning from the experience of a number of western democracies in the last decade suggests a number of answers based on the series of NPM managerial challenges. It seems that the main patterns of the required change characteristics and its expected trends may be best learned from the experience of several western societies such as Britain, the United States, Australia, Canada, and New Zealand (Caiden and Caiden, 2002).

Britain: The Public Comes First

The roots of the reform processes in the British public management were planted back at the time of the Labour government at the end of the 70s, but they gained momentum mostly with the rise of the Conservative Party headed by Margaret Thatcher. Throughout these

years, a public policy known as 'Thatcherism' effected a dramatic reduction in the central government's involvement in the provision of direct services to the citizens. This policy introduced a form of privatization in fields such as transportation and the media whose purpose is to increase market competition and reduce the size of bureaucracies, while introducing an economic logic into the activities of public agencies and the organization related to them. However, since the 90s, the British government has acted mainly on a politically motivated, managerial scheme aiming at budget decentralization in areas such as Wales, Scotland and Northern Ireland. In many respects, the purpose of this activity too has been to bring the government closer to the citizens and to reduce the 'remote control' approach.

Besides the managerial benefits, it has contributed to the political stability of the United Kingdom. Both, mutuality and exchange between the different areas has increased, but most importantly, they have achieved the status of a managerial autonomy, which is characterized by a greater democracy and freedom of choice for the citizens. Thus, the British public management has become more humane and sensitive towards the citizens while increasing the level of responsiveness through the 'Citizens' Charter'. In March 1999, the government published the next proposed steps for the continuation of the reforms as part of the 'White Paper'. These steps have been named 'Modernising Government' and the stress is on the new role of the government.

The emphasis is on the fact that the government does not exist for its employees, but rather for the people and the individuals as clients and citizens. It claims that civil servants should be appreciated, nurtured and promoted, but at the same time suggests that demands for better performance, cooperative work, sensitivity and consideration towards the individual should be put across to them. Therefore, the government's plan has been based upon five main components: planning of long-term public policy, encouraging a responsive public service, emphasizing technological improvement, stressing on information availability; and improving the public service's image.

The United States: Measuring Performance

The main contribution of the United States to the development of the NPM thinking came in the form of the improvement of performance and process measures. The basic assumption is that without an ordered decision regarding measures and methods to evaluate the performance, both the administrative process and the democratic process of the public's supervision on the government's performances, are being compromised. The Federal government in the United States has especially stressed this in the 'Government Performance and

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Results Act'—GPRA, which was approved by the Congress in 1993. Governmental organizations and agencies have been requested to develop detailed measuring strategies for their products by identifying goals and purposes, studying the possible influences upon them, and tightening the tie between performances and long-term goals. As a part of this process, all the governmental agencies are obliged to consult the Congress and the other stakeholders as and when needed.

This development has switched the centre of the discussion to issues of performance and results instead of wallowing in issues of processes and resources as has been done previously. This also accounts for the evolution of the term 'Performance Budgeting'. It means the improvement of decision-making processes as an aspiration to achieve certain performances. On the other hand, a number of difficulties have also been revealed in the process, and these have stemmed mostly from the need to achieve ambitious and long-term goals, which have not always been under the governmental authorities' control. In a great number of cases, the initiative, control and supervision over the government's activities have been directly in the hands of the states or the local government, while the federal government has had only indirect responsibility and involvement. Nevertheless, the main achievement of this focus on performance evaluation in the United States has been the implementation of a methodical and ordered process of studying policy products and evaluating their meaning in terms of outputs and outcomes.

Australia: The Administrative Responsibility Approach

The NPM approach permeated the Australian public management mostly towards the end of the 80s. Government sector, which was plagued by centrality, 'heavy activity', and ineptness of the system received the change initiative with enthusiasm. The change proposes a drastic cut-back on governmental standards. Stress is on organizational products, division between purchasing/maintenance and the provision of product roles, development of contractual mechanisms of accountability and the abandonment of the tenure-based employment method in the public sector (Hood, *op. cit.*).

However, the main characteristic of the change in the Australian public management has been 'Administrative Responsibility and Accountability', which stands for the increase in the direct responsibility of civil servants for their actions and views. The managers are directly responsible for their decisions in addition to the direct political responsibility, which those elected by the public have towards the citizens. Through outreaching changes in the administrative law in Australia, a legal framework has been set up in order to enforce this responsibility. This means that managers are required to account for their decisions, their implementation, and even for their decisions for not acting or executing.

Clearly, this process has been accompanied by the extension of the public-complaints offices' mechanisms at the federal and the national level. The Australian public auditing office has been extended and a major change has taken place in the public's attitude towards public administration systems and their responsibility for the individual. In addition to the Administrative Review Committee, which has been set up in 1976, various other bodies have also been established. These include the Administrative Appeals Tribunal, Immigration Review Tribunal, Industry Commission, The Refugee Review Tribunal, Social Security Tribunal and Veterans Review Board. This process has also effected a comprehensive legislation on the issues of freedom of information, access to archives, and law protecting the privacy of citizens.

Canada: Collaboration in Research and the Shaping of Public Policy

The changes and reforms in Canada came from different directions, but are all based on a limited number of basic assumptions: (1) maintaining a strong government is essential for the protection of the state, (2) evaluating the government's role in the future is important, (3) well-performing public sector is highly related to a modern policy of providing services to the citizens, (4) professional civil servants and those who have an independent way of thinking are to be nurtured, (5) wise governmental and administrative leadership gives direction and backing to those who deal with public service roles and must be encouraged (Caiden and Caiden, *op. cit.*).

In the beginning of the 90s, Canada suffered a budget crisis, which badly affected its investment in development and research and also damaged the implementation of advanced public policy processes. The main criticism against the federal government has been that coordination and direction are missing in the work of the governmental agencies, and that the public policy in various fields suffers from the lack of transference of knowledge, tools and experience from one field to the other. As a result, it has been claimed that public money is being wasted and not efficiently managed, and that a horizontal coordinative and integrative action between the different bodies is required. In 1995, the Task Force on the Management of Horizontal Policy was established. Its role is to centralize the policy issues, which are related to more than one office, and to manage the activities required of them a little better.

In general, the Task Force has been requested to create a cooperative culture of policy-making and implementation, and to form a commitment amongst governmental agencies to coordinate work while constantly and rapidly transferring ideas, information and learning mutually from past experience. In 1996, the Policy Research Committee was established for assisting the government in preparing

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for cooperative work among public organizations and in implementing coordinated public policy by 2005. This Committee has produced two main reports, which focus on the means to increase the collaboration and coordination between the different market sectors at the national and international levels. The activity of this Committee has been the first step in a process called 'The Policy Research Initiative'. As a part of this framework, a Secretariat for Policy Research has been established in the Federal government. Moreover, the proclaimed intention of this process has also been to export the conceptual-cultural change in the format of the all-inclusive policy approach to other countries.

New Zealand: The Reshaping of Welfare Policy

In the last decade or so, an urgent need to cut back the size of the bureaucratic apparatus arose. With this, accelerated processes of privatization, governmental decentralization, reduction in the number of public sector employees and increase in the collaboration with private bodies, which would perform activities that have been hitherto in the domain of the government, also called 'Outsourcing', began. The government has initiated a comprehensive plan, which has greatly reduced the rate of national expenditure for the purposes of welfare. It has introduced components, which encourage internal and external competition in the public sector's environment, attempts to lower the taxes and maintain fairness in the distribution of national resources. The plan has also encouraged reliance on the country's own resources, It aims at increasing the stress upon public sector's efficiency, citizens' freedom of choice, and mutual relations between service providers and clients as opposed to the former pattern according to which the citizen is dependent upon the government and its institutes (Boston, Dalziel, and John, 1999).

The switch to a harsh budgetary restraint has indeed managed to rescue the country and its public sector from the crisis it had fallen into. Yet the harsh recuperation process has left its signs among different social groups, which now have to get accustomed to a much weaker support from the government than before. The gap between the rich and the poor has widened and by the end of the decade many people in New Zealand may taste the influence of the new management reforms on their lives.

Israel: Decentralization and Privatization

Certain motives of the NPM approach have entered Israel in the last two decades. The main changes in the Israeli public sector from the 70s till today are based on two main components: a real revolution in the field of decentralization (for example, the transfer of managerial authorities from the central to the local government and the award of

greater freedom to act in terms of budgetary management in the different government offices), and a growing privatization since the mid-80s. At the same time, there is a strengthening of processes such as raising the transparency regarding governmental activity, nurturing managers and institutes' accountability to the public, and involving the public auditing system in the fields it had not dealt with in the past (Friedberg, 2000). However, it seems that in other fields such as the reduction of bureaucracy and the introduction of structural changes into public organizations, the introduction of a new managerial culture, especially in the field of performance evaluation of public organizations, the steps are smaller and insufficient and therefore the challenge for change is greater.

Israel was born as a welfare country with a market and society, which were managed in a highly centralized manner, and which were characterized by three main sectors: the public, the private and that of the Employees' Federation, the *Histadrut*. The country's values as a welfare country included the aspiration to provide social security, maintain the quality of life, and reduce inequalities (Doron, 1995). In order to achieve the goals, which suit these values, the inter-sectoral power-structure in the country's initial years had clearly leaned towards the public sector and the sector of the *Histadrut*. These have usually acted in a cooperative and coordinated way and stopped the introduction of reforms and changes, which threatened the social values. This power-structure has changed completely since the end of the 80s and the beginning of the 90s when, on the one hand, the dominance of the *Histadrut* sector has greatly deteriorated while on the other, the global trends, with greater efficiency and focus on business management in the public sector have increased.

Even though the governmental and public committees have been able to keep the issue of change and reform on the Israeli public agenda, a close study would show that the public management changes only focus on the organizational, structural and financial structure of the government's branches. They all lack a systematic approach to the introduction of a new managerial culture into the government, and there is no sufficient focus on the development of appropriate tools for the behavioural performance evaluation of the public sector. As a result, most of the knowledge we have today centres on the attitude towards changes and reforms on the formal aspects of the public system's structure and organization or alternatively on its activities and performance from an economic perspective. The latter deals with the functioning of the budget or with the other issues of resources' allocation, and does not make use of tools from the field of social sciences, whose efficiency and contribution to the improvement of the public service is proven.

The experience of countries such as Canada and the United States shows that performance evaluation can be made using

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systematic and prolonged studies of citizens' approaches and their status as the public sector's clients, as well as inter-organizational studies, which focus on the public sector's employees. Israel is getting gradually integrated in this trend by virtue of a new international project whose aim is to comparatively evaluate the functioning of public organizations in Europe and Israel (NAPPA—National Assessment Project of Public Administration) through tools, which require the integration of a perceptional/behavioural evaluation with a classic economic and technical evaluation (Vigoda and Yuval, 2001).

PARADOX OF NPM

These challenges contain a main complex paradox related to the attempt to reshape the status of the citizens as clients in a society that wishes to be free and open, but also just and humane. The NPM approach has gained many supporters among the theoreticians, researchers and practitioners of public administration, mostly because it offers, and that too at the right time, a clear and achievable agenda for an essential change in the public sector. The essence of the change may be summed up as the wish to influence the managerial culture of public organizations and to make them treat citizens as clients per se. The treatment of the citizen as a client carries with it a whole stock of perceptions and positions towards the provision of services and formulation of activity processes, which are meant to satisfy the new clients' wishes and also respond to their demands just as a business system wishes to treat its clients. But here is exactly the point where the main paradox of this approach lies. In nurturing the citizen-as-client idea, the NPM approach encourages passivity amongst the citizens and develops within many of them an attitude of exaggerated importunity towards the government.

The formation of a modern public sector, which is responsive to the citizens is highly essential on the one hand, but it also risks responding to immediate demands while not paying sufficient attention to the collective and long-term needs in the long-run. Such responsiveness also leaves the public system as the main body in charge of the satisfaction of citizens' needs, while the citizens themselves are not similarly required to be involved in their lives and constructively influence their surroundings. When the public system is highly responsive and efficient, it gains the public's trust and gives it a sense of security that its affairs are 'in good hands'. Thus, there is a natural tendency among citizens to be less involved in governmental processes, and their willingness to participate in the society and the community deteriorates (Vigoda, 2002a). This correlation implies that the democratic values of the public's supervision over governmental processes is being compromised, and this may become problematic in terms of its long-term effects.

Therefore, in many ways, the citizen and client paradox expresses the existing conflict between bureaucracy and democracy. According to Thompson (1983), democracy cannot happily tolerate bureaucracy. Many of the values associated with democracy such as equality, participation, and individual's freedom are strictly and clearly opposed to hierarchy, professionalism, and a behaviour, which ignore the wish of the individuals for the sake of the general interest. The NPM approach sanctifies the status of the citizens as clients, but at the same time it also compromises their power and ability to supervise over the manner in which public organizations are being managed.

A possible response to this paradox can therefore be the increase of collaboration motives between the public sector, the citizens and the private sector (Vigoda, 2002b). While the NPM idea has rescued many of the world's public systems from a process of managerial deterioration and freezing, it may be that the potential for further improvement in this sector lies in nurturing more equalitarian relations between the three important players in the country: the public sector, the private-business sector and the citizens as individuals and groups as components of the third sector. Responsiveness to 'citizens-as-clients' demands forms an essential but insufficient part of the improvement of the government-individual relationship.

The 21st century public administration is advancing on two parallel paths: the first path continues to follow developments in the private-business sector and borrows from it ideas and initiatives that have been formed as a benchmark for improving the managerial and organizational tools in public systems. The second path follows a line opposed to the business and economical trends, and tries to preserve and strengthen social, civilian and humane aspects, which are not always tradeable one-by-one and are therefore not usually formulated and accepted in the business management field.

Moreover, the contradicting needs of better efficiency, purposefulness and profitability on the one hand, and the public, humane and civilian obligation to assist the weaker strata and live up to the higher norms of governmental ethics on the other, will imply consistent pressure for the modern bureaucracies and may be anticipated to further their managerial challenges. By its very nature, the paradox is difficult and possibly even impossible to solve completely, it cannot be expected that a solution for the natural opposition between the bureaucratic ethos and the democratic ethos in progressive Western countries will be found. However, it seems that the intensity of the conflict can be reduced by combining the New Public Management approach with activities for encouraging the involvement of governmental activities both by the business sector organizations and by the citizens and also the third sector bodies (Gidron and Kramer, 1992).

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Nowadays, it is clear that modern countries cannot afford to dramatically reduce the public sector and its activities, but they can definitely make it 'thinner', improved, flexible and more efficient in its functioning. Only such a measured reduction will create a reasonable correlation between the forces of the market and the economy and the forces of society and welfare for the benefit of public interest. The NPM approach paves a route of action to achieve this goal while basing itself on a limited number of principles and challenges. But like any other principle and challenge, the implementation of these should be done in a measured way and according to the unique characteristics of each country and society. This means that the change model, which exists in one country cannot be copied completely by another country.

A claim, which is frequently made by politicians, maintains that in order to provide better services to the citizens, in the modern age, the public sector should be enlarged and financed through greater income and taxes provided by the public. The apparently rational explanation is that the greater the demands, the greater the pay, and that when citizens' demands grow, their payment should grow accordingly. To counter this claim, which maintains 'do more with more', there is an agreement among professionals and management and economics specialists that the real challenge of the public system, as with any other body or organization, is to 'do more with less'. In order to do that, the bureaucracy should be reduced, and decentralization strengthened in the fields and issues, which allow that, but at the same time tighten the supervision and coordination mechanisms between units which are not ready, qualified or interested in making proper use of the managerial authority bestowed on them. In these situations, which usually reflect issues of great public, social and national importance, it is the management using controlled centralization that is the appropriate organizational answer.

In addition, it is important that public organizations will strive to develop and improve performance-evaluation mechanisms and will put greater emphasis on the public perceptions regarding the activities of the government and its branches. The NPM approach attempts to bring along with it a recognition of the value of privatization, as well as great caution with regard to the right tools of implementation. Privatization measures, which completely liberate the government from its responsibility in a vital service field, compromises the benefits it may accrue to the public in the long run.

SUMMING UP

This chapter has attempted to discuss the modifications and changes, which the public administration organizations have gone through in the past few years. The chapter has dealt with the dominant

influence of the "New Public Administration" approach as well as its contribution to the improvement of bureaucratic mechanisms whose image is one of strictness and ineptness. Despite the existing arguments and critical analysis regarding the different components of this approach, there is no doubt that many countries have made an efficient and successful use of it. The idea of relating to citizens as clients, which sounded rather unrealistic until a couple of decades ago, is nowadays perceived as obligatory. While some relate the birth of the NPM idea to the American public administration environment, it is actually the experience of Britain, Canada, Australia and New Zealand, which requires special mention as it stresses the constant conflict, which exists between the aspirations of a modern welfare country and the modern management challenge that is economical and efficient.

In many countries, NPM ideas are being implemented, but it is a complex, long and obstacle laden process. However, it seems that the NPM challenges can serve as appropriate landmarks for the advancement of public organizations along a route, which properly combines the government's economic and social goals with the use of knowledge and experience, which are abundant in the business sector.

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10

Marketing Public Administration: The New Public Management Approach

— Amita Singh

Presently, the most vehemently debated and discussed theme in public administration is that of the New Public Management (NPM). The need to resuscitate the ailing state and the intolerance with the loathsome bureaucracy, its obstinate inertia, unresponsive attitude and wasteful economics led to a reaction in the name of NPM. Bureaucracy became the whipping boy of the failing state, which wriggled through the morass of the socialist welfare state. The emergence of the New Right perspective matches with the general impatience with the bureaucratic paradigm. While in the economic sphere, the role of the state was taken away by a variety of agencies such as national and international financial agencies, donor groups, banks, cooperatives and private investment organizations, it still retained the role of an 'enabling state' true to its public service history.

Thus, the strugglesome but introspective journey of public administration from the era of 'Wilsonian dichotomy' to 'NPM' became less a work of academics and more that of state politics. The unending task of recasting administrative framework to meet the demands and aspirations of new socio-economic challenges has made the discipline a subject of intense ideological debates. Given the pluralistic nature of the democratic state and the push from the global markets, the identity of public administration was once again challenged and also threatened by the floating doctrinaire assumptions, which seek changes in government functioning. NPM carried away the focus of public administration from institution building to policy implementation and as a natural concomitant of this, procedures became subordinate to results. However, the foundations of the

discipline remain unscathed and is reemerging as a focal issue while the weaknesses of NPM are gradually being revealed by evaluation literature.

THE CHALLENGE OF NPM

R.A.W. Rhodes (2000) has stated "Over the years the study of public administration has seen many fashions come and go, often fun, sometimes instructive, rarely long-lived". NPM is the first serious challenge to strike the foundations of public administration since it is about marketizing the irrefrangible enterprise of public administration through the 'retreat of the state' (Strange, 1996). Woodrow Wilson's unintended prescription of 'Politico-administrative Dichotomy' was driven by the simple desire for economy and efficiency of public services. This theoretically inert framework got a legal backing for dichotomy of policy formulation and implementation through the work of Frank Goodnow in 1900. This idea matured into Taylor's scientific management movement and the POSDCORB doctrine without replacing the original dichotomy in the same way in which Einstein built upon Newton or Heisenberg improved upon Schrodinger. The Brownlow Committee, which was appointed in 1937 incorporated these principles into the reforms undertaken in public administration to adopt the cost-effective practices of firms. NPM is so reflective of those reforms of the managerial era seeking efficiency and economy through the adoption of a set of principles that Pollitt (1990) refers to it as 'Neo-Taylorism'.

The state's mismanagement and shoestring budgetary allocations for policies resulted in greater concentration of decision-making power with the bureaucracy. With this, the administration, which has its roots in the traditional Weberian bureaucracy and rigid hierarchies, became even less receptive to the demands of society. The preoccupation with organizational rules obstructed the development of learning organization and mesmerized institutions of governance. The failure of the first and the second developmental decades is largely attributed to the economic mismanagement of public policies due to the ineptitude and ignorance of government .

In line with the Public Interest Theory of Economics presented in the work of A.G. Pigou (1932), it was assumed that market failure and policy collapse was due to inept governments, which however, benignly pursue the objective of maximizing social welfare. The dent in this belief was exposed by the work of public choice theorists and especially the seminal work of James M. Buchanan and Gordon Tullock in 1962, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. It established that public policy does not operate according to the public interest model and therefore the regulations for policy achievement are also not borne out of altruistic

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motives of the state. This has been further explained in the works of Stigler and Friedman (1962), Sam Peltzman (1976), and Shughart and Tollison (1984).

The so-called paradigm change that manifests in the garb of NPM is the result of this new understanding of the state. John Kamensky (1996) has linked it straight to the public choice theory since it has tended to reject concepts like 'public spirit', 'public service' and so forth. Politics is like a market place and there is a market for every policy, programme and associated regulations. Thus, policies do not arise out of the benign desire to mitigate people's deprivation but out of the rent seeking impulse of the government. Bureaucrats strive to maximize their own political interests, which include enhancing their re-election prospects and increasing the value of their lifetime income streams. Government seeks selfish interests and becomes shackled by obligations towards such groups. The question that intrigues us all is that if the policy or a particular public regulation generates no substantial benefit to the citizens or if the costs incurred in implementation are much higher than the benefits accrued, then why are such policies repeatedly formulated and defiantly sustained, sometimes even against a concerted public opposition.

Public choice claims to provide an answer to most of these policy paradoxes, which have damaged economic growth and diverted the precious resources of the state to wasteful sectors. It is in this background that we find the heavy reliance of NPM upon its 'intellectual cousins' (Kamensky, *op. cit.*) such as public choice, principal agent theory and transaction-cost economics. Jonathan Boston (1991) has also declared this new-institutional economics as the intellectual foundation of NPM. Though the major push for NPM came from the aspiring markets to meet the global demands, it nevertheless grew out of the problem as a predictable consequence of monopolies and rent seeking behaviour (Dobel, 2001).

Public administration is presently encountering a lean period as scholars without any historical understanding of its rich lineage have started masquerading as its experts. Scholars from any area of public policy venture into the discipline and claim to have regained the lost ground of public administration through varied and ambiguous forms of structural adjustment contrived to cater to transient market demands. The two main diehard supporters of NPM in the USA, the journalist David Osborne and the city manager Ted Gaebler have widely missed out on the rich heritage and political theory of public administration. One common strand in all theories of public administration from L.D. White and Max Weber to Herbert Simon, D. Waldo and F.W. Riggs has been the effort to constitute a theory of democratic governance. NPM theory lacks this basic virtue.

Most of the narratives and success stories have been given from the Californian state and some from public sector agencies. Thus,

generalizations of NPM do not truly account for the diverse set of experiences encountered by the third world countries. Rosenbloom's 'History Lessons for the Reinventors' (2001) speaks volumes about the state of understanding of all those scholars who belong to areas other than public administration and are much like those seven blind men of the Aesops Fables who had each seen a part of the elephant but not the whole animal. Ironically, Osborne and Gaebler became the best sellers for rewriting Taylor's managerialism or Urwick and Gulick's POSDCORB.

The true scholar of public administration forms the spinal cord of governance, which is a multicultural and a multidimensional entity constantly being worked upon by varied groups of scholars who seek to instill civil society needs into a self-complacent or narcissist public administration. Sadly enough this turn of events has been exploited by some to promote their agenda of obtaining a market friendly government. Without any linkages or experience or acquaintance with the time tested prescriptions, the new marketeers have leapfrogged the domain of public administration into new public management and have come to be hailed as the scholars of the great enterprise overnight.

Thus, public administration is now being used more in a pejorative sense than as a panacea for policy slippages. NPM has successfully promoted the debate from bad formulation to bad implementation. It has also set at rest the notion of a benign and altruistic nature of the state, which worked in public interest and was therefore allowed to expand in a way what C. Northcote Parkinson referred to as the *Law of the Rising Pyramid*. NPM as such is a crude manifestation of the motives of the state, yet it claims to have discovered principles, which make the state more accountable and transparent to the demands of the society or rather the market, because they fail to distinguish between the two.

In NPM, the state is expected to work for 'society', but this society is nothing more than a loose agglomeration of consumer groups. This is again the most striking paradox of NPM and can be compared to the 'Weingast's Paradox' (Weingast, 1992), which explains that the fundamental dilemma of reforming the state is that a government strong enough to protect property rights and enforce contracts is also strong enough to confiscate the wealth of its citizens. Also, if governments are strong enough to transform their motives into regulations, then regulations would simply be an expression of the motives of the state rather than the requirements of the society. NPM as an administrative reform philosophy cannot address the twin tasks of citizens' welfare and protection of consumer rights simultaneously without harming the contents of democratic governance. We shall come to this discussion later in this chapter.

The Indian government started rather late with the NPM driven

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reforms as compared to the UK, USA or New Zealand. The Fifth Pay Commission, which is replete with hybrid proposals to bring together erstwhile antagonists in the policy arena: socialists, anarchists and liberals is the first manifestation of such effort in India. One can safely admit that the political dilemma to espouse the cause of the poor through the promotion of the market is rather an amputated, if not hedonistic version of reforms. NPM and the Rightist state have that umbilical cord connection, which the Fifth Pay Commission Report has come to highlight.

Since the first Minnowbrook Conference in 1968, when the new scholars of the discipline assembled to rally a remarkable display of their gunpowder against the conventional paradigm, this debate has come as the first serious challenge to the sombre Keynesian welfare state. It is sure to catalyze the process of rethinking and reinvention. No other aspect of government has generated so much heat at the grassroots or influenced international bodies and one is perplexed by the speed at which ideological networking is interfacing erstwhile polarized groupings. While the demise of Weberian state has been one most definite outcome, scholars are divided on the issue of the new administrative caricature, which is certain to occupy its place. For the time being, studies reveal a more chaotic and unpredictable suffering for both the civil services and grassroots communities. However, for analysts and the publishers, it is harvest time.

NPM BASED REFORM MOVEMENTS IN 1980s AND 1990s

Emerging out of the Thatcherism (1979) and Reaganism (1980), NPM has been brought as an efficiency pill for the failing markets. Rhodes (*op. cit.*) has rightly explained that initially NPM had two meanings: corporate management and marketization. The emphasis in the early years was on the adoption of the private sector management tools in the government and to contract out services of the state to meet the consumer demands for speed and quality. This spread the message that bureaucracy ridden with red tapism and ever rising expenditure is outdated and outmoded and thus not fit for public service delivery. This development transformed the so far sacrosanct civil service into a fodder for political debate. In the economic sphere, Adam Smith's invisible hands in the market were granted the freedom to operate while 'empowerment' and 'capacity building' became the light houses of the so-called 'enabling state'. Initiated by a strong ideological push from Adam Smith's Institute, NPM came to be promoted not only by the Rightist governments of Margaret Thatcher and Ronald Reagan, but also by Brian Mulroney of Canada. Following their efforts, New Zealand and the more ideologically neutral states of Europe also adopted these reforms.

The fall of the Berlin Wall speeded up efforts towards more comprehensive administrative reforms. The reinventing literature of Osborne and Gaebler (1992) and Hood (1991) coinciding with the Clinton-Gore Report *From Red Tape to Results: Creating a Government that Works Better and Costs Less* was a bombshell on the welfare state. A few months later the UK government published a White Paper on civil services (Cm 2627, 1994). As Andrew Gray and Bill Jenkins (1995) explain, these two initiatives are separate and distinct, yet drawing on common ideologies, they represent the practical face of the NPM and a critique of traditional public administration. However, the commentators on this change also noticed the shifting theoretical focus of public administration. The discipline's twin traditions of incrementalism and administration have been challenged by the more managerialist models of NPM (Osborne and McLaughlin, 2002). This also reflected upon the paradigm shift in its study; from bureaucratic to the post-bureaucratic and from entrepreneurial to the NPM. The career-oriented civil services, which were hierarchical, technocratic, rule-oriented, impersonal and neutral came to be seen as obstructive, retrogressive and dogmatic.

The shift was most noticeable in N. Flynn's book *Public Sector Management* published from the UK in 1993. The first reference in Flynn's bibliography is to Adam Smith's Institute, the second to Audit Commission and the last to Williamson's *Markets and Hierarchies* (1975). Coupled with the failures of the welfare state and the rising demand for developing policy analysis, from humble beginnings the idea bloomed forth to take the shape of 'World Wide Movements' in the 1990s. Laden with the catalytic and trend setting slogans like 'catalytic government', 'steering not rowing' 'organize by mission rather than turf', 'budget for results' and 'avoid monopoly supplier', it finally was successful in highlighting the need for legal and market reforms. Although the precise nature of NPM is difficult to establish, the classical formulation by Hoods (1991) has found it to be comprised of seven doctrines (Osborne and McLaughlin, *op. cit.*). These are:

- A focus on *hands-on* and *entrepreneurial management* in contrast to the traditional bureaucracy.
- Explicit *standards* and *measures of performance.*
- Emphasis on *output controls.*
- Importance of *disaggregation* and *decentralization* of public services.
- A shift to the *promotion of competition* in the provision of public services.
- Stressing on *private sector styles of management* and their superiority.
- Promotion of *discipline and parsimony* in resource allocation.

The 'Westminster Reforms' adopted in New Zealand and UK focused

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upon Citizens' Charters for service delivery improvement whereas the 'Reinvention Style' of the 'Washington Consensus[1]' was, likewise incremental but more sweeping for 'Customer Service' provisions. While the reforms in all these countries were more ideologically oriented, those elsewhere were less ideological and more practical indicating a return to Taylor's managerialism. However, this gave rise to some common features at the sub-governmental level giving a hybrid character to the NPM ideology.

While tracing the ideological and structural roots of the NPM, the countries have strayed from the market models for the minimal state, which according to Margaret Thatcher was the laissez faire state, to the participatory models prompted by Hawthorne experiments and the detours for the adhocracy and the flexible and deregulated governments of the last decade of the 20th century. Editing of reforms by different governments has complicated matters and also led to the less confident governments of the Third World countries imitating structures of the developed countries. This has given rise to isomorphic structures incompatible with the historical characteristics and uniqueness of each society. As a short-cut measure, structures are being imported and implemented as such to cope with new global pressures. NPM label helps them clear the customs test.

In contrast to the NPM understanding of reforms, experience has shown that reforms are 'path dependent'; a product of the national, historical and institutional autonomy. They are also strongly dependent on a country's capacity to realize them within the constraints of its Constitutional features and political-administrative structures. In this context, most of the Third World has been able to adopt NPM reforms in a more or less ad hoc manner only, such reforms being more of imitations and dictums rather than being indigenous and based upon country wide feasibility studies. The New Zealand model may be taken as the most coherent reform model. Although, it has been attempted as a combination of three theories, which even the other countries have adopted such as the *Public Choice, Agency Theory* and *Transaction-Cost Economics*, the methods of implementation and formulation have been more in balance with the macro and micro social requirements of the society.

Globalization has to be studied as an independent variable in affecting governance at the country level. Discarding the Westphalian state and the Keynesian welfare state without making any change in

1. *Washington Consensus* is the term least understood in administrative circles. It was originally used by John Williamson (2000: 251–64) to refer to the lowest common denominator of policy advice being addressed by the Washington based institutions to Latin American countries as of 1989. However, it was misconstrued as reforms imposed by the Washington based institutions. The fact remains that the Washington based institutions did suggest a magic pill in the mode of 'one size fits all', if not imposed it.

global security systems will only lead to administrative chaos. Studies conducted in the 1990s reveal that the changes in the domestic institutions at the political, corporatist and the socio-cultural levels would be directed towards a 'resilient state'. It is also linked to the wider security environment prevailing in the world since NPM has little space for anything other than market requirements. The sovereign state model is replaced by the supermarket model of the state advocated by NPM. Old military blocks would be cracked to provide space to emerging markets and market wars would replace national security issues.

Thus, a new perspective on security will be needed to complement and supplement the domestic reforms. In this multiform maze of new system, where the sovereign state is gradually slipping into a supermarket state, a paradox of power would be created wherewith the old superpower system would still hold with nations with superior military might controlling the emerging markets and technological expertise of the militarily weaker third world countries. This may also force these latter states to implement NPM reforms to achieve quick access to the markets of G-8 countries. Thus, the politics of NPM reforms will be thoroughly consistent with and complementary to the former state structure. The overlap of commercial state and the military state would lead to the emergence of an enterprising government, which may appear harmless and benign superficially but would enforce the import of institutions to speed up NPM reforms.

This ironically raises the fundamental debate of public administration, which Lawrence E. Lynn (1998) defends as the 'core dilemma' to create a workable balance between democratic accountability and effective capacity. The use of governmental power having its source in the market rather than the Constitution would transfer power to the consumers and weaken the citizens leading to the violation and abuse of both, the citizens' rights and the voters' choice. J. Patrick Dobel (*op. cit.*) reaffirms Lynn's belief that the 'core traditions of public administration remain anchored in *Constitutionally authorized means for the expression of the public will*, which ground policy and managerial initiatives in the matrix of regime values and institutional accountability and which reinforce the means to avoid corruption and abuse of power. New institutions and initiatives cannot be built just for the sake of efficiency or service to consumers, they must earn legitimacy from the courts and must sustain accountability to the institutional mechanisms'.

Thus, earning institutional legitimacy, which is possible only through independent courts and responding legislatures is the core of administrative reform. So, NPM reforms would never be able to bring governance reforms for the simple reason of its inability to construct durable institutions. Henceforth, the misconstrued new paradigm of

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NPM is a construct, which would have three direct implications for governance: loss of democratic accountability; erosion of ministerial accountability, and ethnic and bottom up insurgencies due to failure to deal with the issues of identity, pluralism and citizenship.

The implications for public administration are enormous since there is a need for immediate resuscitation measures for the hollowing state by creating more accountable and resonant public institutions rather than simply efficient markets. It would need a more comprehensive project than the top-sided NPM model. Some basic commitments of the democratic state can be protected by building up an enterprise for the following:

- Devolution and decentralization for the empowerment of local communities and not simply consumers.
- Contracting out, deregulating and privatizing should take place only through proper feasibility studies within the Constitutional framework.
- Rightsizing bureaucracy should give priority to employees' rights, labour laws and the status of women's employment in every country.
- Citizens' Charters should be effectively implemented and legal reforms should be undertaken to strengthen service delivery systems.
- Taxation reforms, labour laws reform, and property rights are areas of immediate concern.
- Technological advancement including e-governance reforms should address the requirements of people and help them in the exercise of their democratic rights.

The last decade has seen the consolidated networking of the global civil society through the advancement of communication technology. Their ability to enforce people's agenda upon expanding markets even in the face of recalcitrant governments cannot be underestimated especially after the Seattle and the Geneva meetings of WTO. Thus, NPM based reforms have used governance as a policy metaphor. Governance, which has become the new buzz word would then be a study of politics, a study of political legitimacy and a study of policy praxis. The Second Minnowbrook Conference suggested three requirements for public administration during these lean times—*Micromanagement, Motivation and Measurement.* It selected *resonance* as the bridge between *rigour* (theory) and *relevance* (action).

Since the NPM model fails to study the internal configurations of the nation state and to recognize the distinctions between the customer and the citizen, there is a growing complexity of relationship between the government and civil society. The pursuit of public purpose and the demands of global businesses do not always converge as a result of which nations make adjustments in their law and

governance systems. The *credibility and reliability index* prepared by the World Bank for rating countries around the world for investment purposes is one method of arm twisting the nations to adopt NPM for the benefit of their Foreign Direct Investment (FDI). It is in this context that one can assess the work done by the Fifth Pay Commission for adopting the NPM reforms. While it has overlooked the debate on the 'entitlement obligation' and branded 'corporatism' as the concern of a constellation of stable interest groups, it has also not been able to address the issue of the complexities of implementation within the Constitutional framework of federalism and the social framework of the pluralistic state.

Eventually, the sensitive areas of human rights, environmental justice and labour reforms have been rendered FDI dependent. It thus becomes a 'denial of citizenship' (DeLeon and Denhardt, 2000). These authors have highlighted the arena of 'public interest', which is synonymous with the 'public spirit' used by Jane Mansbridge (1990, 1992). DeLeon and Denhardt write that 'this collective enterprise, which is often called the public interest is not just an accumulation of private interests, nor even the juxtaposition of *enlightened self-interests*. Indeed this ideal moves well beyond a politics based on the self-interest of the individual'. Citizenship is the only window through which individuals are able to transcend the material mode of self-interest and progress into institutions of collective well-being. To replace this ideal with consumers and customers is to strike at the very basis of the existence of the state.

WHAT IS 'NEW' IN NPM?

NPM is a truly global paradigm (Borins, 1991). It has enabled the 'inward looking' (Thompson, 1999) bureaucratic paradigm and POSDCORB based reforms into a more interactive and participative NPM model. However, the litmus test of reform is 'customer satisfaction'. Thus the *new* in NPM is thrown open to debate. Reforms in administration have always been a perplexing and debatable activity. Public administration has always been a method to promote political values and as such, the ideological polarization may not be treated as anything new to the growth of public administration.

From the period of the Taft Commission on Economy and Efficiency, which was directed by Cleveland, Willoughby and Goodnow to apply the principles of Taylor's managerialism in administrative reforms to the present NPM reforms, the agenda remains the same. The conflict with politics took a serious turn when President Roosevelt tried to bypass the Social Science Research Council to appoint a Committee on Administrative Management for reorganizing the 'ramshakle structure' of the federal machinery of government (Caiden, 1971). After the second world war, the attempt of any administrative

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scholar to match the stature of Keynes led to a strong Rightist backlash to the reforms. The liberal philosophers, F.A. Hayek in *The Road to Serfdom* (1944) and L. Von Mises in *Bureaucracy* (1944) attacked the Roosevelt reforms as well as the principles of public administration. However, these Rightist attacks had pushed public administration to the no person's land. Caiden notes that 'the most likely candidates to swallow public administration are political science and administrative science'.

Almost five decades later, the new right has reemerged and is poised to attack the fundamentals of the discipline. NPM is a label both to define a general trend towards changing the style of government and administration in the public sector and to describe a number of reforms that were carried out in several countries during the 1980s and the 1990s. (Anderson, 2001). All those aware of the history of public administration can tickle their memories that all such attempts in the past have only led to the strengthening of the faith in public administration rather than weakening it. Marketization of public services is also not new to public administration. It has always been provoked to behave in a business like fashion. The business techniques also prevailed in the early reforms. The distinction between the techniques and the values should, however, be cautiously sustained. While even the NPM techniques could be adopted, the values should go undisturbed.

Yet, the reinvention literature of Osborne and Gaebler (1992) suggests a conceivably dangerous value for public service in their exposition of the entrepreneurial government and cost cutting measures. "The idea is to get them thinking like owners; If this were my money, would I spend it this way?" This would encourage self-interested individuals rather than institutions and regulations to get involved in public policy. It would also lay at rest the demands of social justice and sustainable well being. Thus, it would terribly narrow down the focus of public policy. Bellone and Goerl (1992) criticize NPM because 'it places value on autonomy, personal vision, secrecy and risk-taking, which are opposed to administrative values such as democratic accountability, participation, openness and stewardship'.

The revival of dichotomy is also evident in the NPM based Gore Report which says, 'This performance review is not about politics, we want to make improvement in the way the government works, regardless of which party is in power' (Gore, 1993). Thus, the comment of Rosenbloom that 'NPM has more in common with Wilson and Brownlow than it realizes and is older than it knows' seems apt. NPM is a reflection of the political theory of the present times in which public interest has become hostage to global market demands and it only tends to blur the normative-empirical boundaries. The truth about NPM is quite close to Carl Friedrich's observation that

'viable traditions arise from an ongoing dialogue with reality and the process of adapting answers to new challenges'.

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11

Good Governance: A Conceptual Analysis

— Anil Dutta Mishra

In the recent past, issues of governance have received serious attention from the researchers, policy makers and international development community. Today, 'governance' not only occupies centre stage in the development discourse but is also considered as a crucial element to be incorporated in the development strategy. The search for good governance has been going on since time immemorial. Plato, Hobbes, Locke, Rousseau, Mill, Marx, Macpherson, Rawls in western tradition and Kautilaya, Manu, Sukra, Gandhi, and Ambedkar in Indian tradition; and many others directly and indirectly have given the theory of governance of society and state in one form or the other.

In India, during the freedom struggle, 'swaraj and good governance' were considered as synonymous. After independence, we adopted the Constitution, which enshrined the aspirations and ideals of the freedom struggle. Since then, we have been striving to achieve the goals of good governance. What does good governance mean? Is it concerned with provision of effective law and other safety measures for its citizens? Does it connote social and economic freedom? Answers to these queries need to be urgently sought.

Our Constitution provides for certain Fundamental Rights to the citizens of India. It also talks about the Directive Principles of State Policy. Good governance would certainly mean that all the Fundamental Rights are endowed to the citizens; and that various policies of the government are not only in conformity with the Directive Principles, but also implemented in spirit. This chapter discusses the concept of governance and good governance. It highlights the different perspectives of good governance and stresses upon the need to understand the broad definition of good governance that talks of bringing into its purview the government, the citizens, the voluntary agencies and the private organizations.

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At the turn of the century, five major global trends have had an impact on the structure, functions, and the processes of governance. These are: (i) strategies for redesigning the state; (ii) methods for managing rapid and rampant change; (iii) accounting for widening and broadening leadership from all segments of the society; (iv) advancement of information technology; and (v) innovative and specific global megatrends. These factors are attemping to change the ways the public administrative systems in developing countries are functioning; and are endeavouring to be instrumental in leading reorganization and reform efforts (Rahman, 2001, *emphasis added*).

THE CONCEPT OF GOVERNANCE

Development aims at creating a suitable, and enabling environment for promoting long, healthy and creative lives. Governance, in any society, aims to ensure this through the exercise of economic, political, and administrative authority. It basically strives to establish quality relationship between the government and citizens. In the simplest terms, governance relates to the effective management of the affairs of a country at all levels; guarantee its territorial integrity; and secure the safety and overall welfare of its people. Governance, when looked at from a wider context, encompasses not just government, but state, society, and good government. According to the United Nations Economic and Social Commission for Asia and the Pacific, governance is the process through which decisions are made and implemented.

The government determines policy, based on which, it sets up various goals and targets for implementation. Thus, governance needs to be viewed in two parts: deciding what is to be done or *policy formulation*; and doing what is to be done or *policy implementation* (Kulshrestha, 2000). The formal study of governance has a much longer history. In western civilization, its origins lie in ancient Greece and the Greek political theory. Plato is credited with developing the concept of 'philosopher king' as the ideal ruler. The 'father' of comparative study of government, Aristotle, was perhaps the first political theorist to deal with the term 'governance', when he classified political organizations (Sinclair, 1962).

The concept of governance has been in use since the 14th century. It started with a range of meanings, from the act or manner of governing the office of power, which made it synonymous with government, to being virtuous or wise in the general professional and personal behaviour. After the peace of Westphalia (1648), it became fully synonymous with the government, losing in time the moral connotations of wisdom and virtue. This remained true roughly till the 1990s. In the Encyclopaedias published before this period, there is rarely a mention of the word 'governance', since it is covered under the concept of government. In 1990s, its normative aspect came into

prominence once again due to the political and economic changes that marked that decade.

The end of the Cold War seemed to suggest that there was only one ideology with moral stature: the adoption of pluralist democracy and free market economy. Stressing its normative quality as a framework for political and administrative systems worldwide, Hyden (1992) defines governance as conscious management of regime structures with the express aim of increasing their legitimacy before the public. According to him, the study of governance involves identification of conditions that facilitate sound management and effective problem-solving strategy. They can be elaborated in the form of three main empirical dimensions as: (i) citizens' influence and oversight characterized by: degree of political participation; means of preference aggregation; and methods of public accountability; (ii) responsive and responsible leadership characterized by degree of respect for the civic public realm; degree of openness of public policy making, and degree of adherence to Rule of Law; and (iii) social reciprocities characterized by degree of political equality, degree of inter-group tolerance; and degree of inclusiveness in associational membership.

One of the first international organizations to use the term 'governance' was the World Bank (1992), which defined governance as having three distinct aspects (i) the form of a political regime (parliamentary or presidential, military or civilian; authoritarian or democratic); (ii) the processes by which authority is exercised in the management of a country's economic and social resources; and (iii) the capacity of governments to design, formulate, and implement policies and, in general, to discharge governmental functions.

Democracy and development; and good governance have been considered to be interrelated goals, each supporting the other. In fact, democracy became a component of good governance from the point of view of lending agencies and donor governments. Good governance and administrative reform became a part of the package of the reforms, which were being promoted. The links between governance and development were made in a number of publications of the World Bank in the late 1980s including 'Governance and Development'—1992, and 'The State in a Changing World'—1997 (Joseph, 2001).

According to the World Bank and UNDP, there are three different, *albeit* interconnected, spheres of governance: (i) political (ii) economic, and (iii) administrative. Governance relates to a country or society as a whole. It is about processes (UNESCO), as well as institutions and mechanisms; and exercise of power and authority (UNDP, World Bank) in pursuit of a society's present and future welfare (UNESCO) and is derived from the interests of the citizens (UNDP, UNESCO). Governance, thus, encompasses a wide range of issues from concerns about efficient government, including

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accountability and transparency, to concerns about human rights, social cohesion, equity, democracy, participation, corruption, military expenditures, countries in crises, and, last but not the least, political thought, culture and discourse (Cheema, 2001).

The current rebirth of 'governance' in the form of good governance can be attributed to the macro-economic policy reforms initiated through the Structural Adjustment Programme (SAP) of the early 1980s. The SAP was intended to provide an impetus to development through sound economic policy-making. The outcome was not as successful as was initially expected. In addition, the social impact was much more negative than anticipated. The experiment with structural adjustment further confirms that governments cannot do everything themselves. With this, significant efforts are being made to identify partners who along with governments can support and provide lead to the goals of economic development and social justice. Good governance, according to Martin Minogue is both a broad reform strategy, and a particular set of initiatives to strengthen the institutions of the civil society with the objective of making governments more accountable, open, transparent, and democratic (Rahman, *op. cit.*).

GOOD GOVERNANCE: KEY ELEMENTS

Governance basically focuses on the process of governing, involving interactions between various formal and informal institutions as well as influencing the policies and decisions that concern public lives. Good governance is associated more with efficient and effective administration in a democratic framework. Certain distinct features of governance, which include transparency, accountability, responsiveness, participation, cooperation between state and non-state actors, characterize good governance.

The phrase 'good governance' is epitomized by the World Bank (1997) as: 'predictable, open, and enlightened policy making, a bureaucracy imbued with a professional ethos, acting in furtherance of public good, the Rule of Law, transparent processes; and a strong civil society participating in public affairs. Poor governance, on the other hand, is characterized by arbitrary policy making, unaccountable bureaucracies, unenforced or unjust legal systems, abuse of executive power, a civil society unengaged in public life, and widespread corruption. Good governance fosters a strong state capable of sustained economic and social development as well as institutional growth. Poor governance undermines all efforts to improve policy making and create durable institutions'.

Though good governance is frequently used in recent times, it does not enjoy uniformity of meaning. For example, international organizations like the World Bank associate good governance

primarily with capacity building and the exercise of political power needed for efficient and effective management of concrete national programmes, whether the political system is democratic or not (Bratton and Donald, 1999). Similarly, for scholars like Dunn, good governance implies a high level of organizational effectiveness without any choice as to its ideological premise (as quoted in Buijtenhuijs and Rijinierse). To Jeffreis (1992), good governance is equivalent to purposive and development-oriented administration, which is committed to improvement of quality of life of the people without being necessarily democratic in style. For yet another group of scholars, good governance implies presence of Rule of Law, safeguard of human rights, existence of honest and efficient government, accountability, transparency, predictability and openness (Etounga, 1993).

Good governance espouses freedom of information, a strong legal system and efficient administration, backed by political mobilization of the disadvantaged. Good governance is a process dedicated to the achievement of the three great objectives of humankind in the present day world, as enshrined in the proclamation of the Social Development Summit 1995: (i) alleviation of poverty, (ii) creation of productive employment, and (iii) social integration. The sea changes that have and are still taking place on a global scale add urgent and compelling dimensions to the demands of good governance. These relate to the changes fostered by the expanding processes of globalization, regionalism and regional co-operation in political, economic and commercial spheres (Shelley, 2001).

The following are the parameters, which are identified by the ODA, World Bank and UNDP Reports, 1993–95 for promoting good governance:

- Participation that envisages involvement of the entire society in governance through change in their subsidiary roles and direct involvement in areas hitherto kept exclusively in the public domain.
- Legitimacy emphasizes on the need for a system of governance, which operates with the assent of the governed and so provides means to give or withhold their assent.
- Accountability involves the existence of a mechanism, which ensures that both politicians and officials are answerable for their actions, performance and use of public resources.
- Openness and transparency emphasize the need for public access to quality information and making public all the transactions in which public interest is at stake.
- Competence demonstrates the capacity to create effective policy and decision-making processes in order to achieve the efficient delivery of public interest (Kumar, 2001).

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OPERATIONALIZING GOOD GOVERNANCE

Operationalizing good governance practices is a tedious task. The communalization and criminalization of politics, brutalization of society, endemic corruption and chronic ineffectiveness of governments have impacted on the very credibility of governance. The consequential cynicism among the citizenry is the most disturbing development and, if allowed to continue, is bound to adversely affect the growth of stable and productive societies and may even endanger the future of democracy. The entire spectrum of the public services from village level upwards, has the responsibility of carrying out its given duties with promptitude, efficiency and honesty. Grave consequences have arisen on account of the failures of the administrative systems and structures to efficiently implement and realize the benefits of the poverty alleviation programmes. Among the reasons for such gross failures is that the public services have been politicized. Functionaries who conform to systems, procedures, laws and regulations are harassed, repeatedly shifted, marginalized, punished without adequate basis; and virtually eliminated. Promotions and appointments are not made on the basis of proven competence, experience, seniority and integrity, but on considerations of political affiliation, caste, community and pliability. The end result is that the public services have degenerated; become undisciplined, unaccountable and dishonest, and are consequently unable to provide leadership and initiatives (Kumar, *op. cit.*).

Good governance would require that the government machinery works with full transparency of operations and is fully accountable. Citizens, by and large, will be happy if it can be ensured that the governments set right objectives and are able to achieve the same (Kulshrestha, *op. cit.*). Good governance involves both, people who are entrusted with the responsibility to govern and the systems, which they put in place. This implies maximum good to the maximum number of people. Good governance is not a one-time effort, but a continuous struggle. To protect the rights of the governed, to meet their needs and fulfil their aspirations is by any yardstick an enormous task that requires Herculean efforts.

After centuries of experimentation including that of Soviet Union, it is largely accepted that democratic form is by far the most suitable means for achieving the objectives of good governance. However, though such governments have enormous powers, they have equally high potential for misuse. The phenomenal growth in the pervasiveness of governmental institutions and the points of interface with the common people have resulted in a corresponding growth in the opportunities to do both good and mischief. Therefore, in today's context, with the advanced state of technology, particularly Information Technology, growing global interaction, enormous powers enjoyed by government agencies; and equally great expectations of

people, the most challenging task is how to minimize the mischief by those involved in the governing process and how to make them do maximum good i.e. to make them provide good governance (Tiwari, 2000).

There is a need to pay attention to the mechanisms and modalities followed by governments to determine public policies and equally important, to critically examine whether the policies are being efficiently and honestly implemented by the government agencies and organizations responsible for performing the assigned tasks. It also needs to be seen whether, and to what extent, the governments have established meaningful linkages with various elements of civil society, which can support the concern for good governance. The attainment of the objectives of good governance would require political, economic, executive and judicial authority to be exercised in a manner, which ensures that the people are enabled to enjoy their rights, discharge their obligations; and resolve their disputes within the parameters of the Constitution and the Rule of Law (Vohra, 2000).

Cross-border trade and investment links help competition and encourage adherence to international norms, which in itself contributes to good governance. The process of good governance should require an equitable distribution of essential common resources. The search has to be for localized solutions, and the generalizations have to be minimal and obviously acceptable to all. To increase accountability, freedom of information and effective legislation, the concept of citizens' charter is being introduced in states like Andhra Pradesh and Karnataka. Methods of facilitating direct interactions between citizens and government as well as service providers are being introduced such as information-laden websites, public hearings, and computerized access to public services. The buzzword here is transparency, which is designed to increase citizens' control and prevent corruption.

Involving citizens in decision-making and implementation is another goal. The World Development Report (1997) emphasized the need to bring the popular voice into decision-making by opening up channels to civil society organizations and decentralizing government structures. To improve efficiency in public administration, strategies such as introducing profitability criteria, 'contracting out' functions of governments to NGOs or private agencies are being tried by several countries including India.

Good governance demands transparent administration by making not only decision-making criteria and the drawn up programmes more open to the public but also by involving them. Further, the Right to Information, rather transparent administration with people's participation, has become the need of the hour, as corruption and malpractices have become an undeniable fact in the administration (Ahammed, 1999). Administration should take on the role of "working

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with the people" instead of a traditional role of merely "helping the people" in nation building. The need for devolution of social and political power from the highly powerful central government to lower echelons of government is also recognized. India has already given Constitutional status to the third tier of the government, formally known as local bodies. The empowerment of the people has to be the keystone of changes in the future. A restructuring of the ownership of national resources that would help in fulfilling the requirements of the poorer sections of the population is also essential to pull South Asia out of the vicious grips of poverty (Hassan, 2000).

Thus, it is clear that good governance is not simply something that government can achieve or do by itself. Good governance depends on the cooperation and involvement of a large number of citizens and organizations. These requirements are considered not only essential for good governance, but are important for sustainable human development (Minocha, 1997). The goals of good governance vis-à-vis participation, transparency, effectiveness, efficiency, equity, accountability and responsiveness have to be treated as crucial parameters for all round development.

Governance needs to be transformed to make it the key instrument towards effective implementation of public policies. This requires a multi-pronged strategy to strengthen the capacities of all the actors involved in the governance process. When all stakeholders in a society participate in governance that is based on the principles of participation, transparency, accountability, equity; and Rule of Law, it by definition helps to foster human development, develop existing capacities and focus on long-term sustainability of development gains (Cheema and Maquire, 2001). Governance as sustainable human development needs to be allotted a wider connotation, so as to bring within its fold, not just good government, but also other formal and informal institutions, public-private interface, legal and regulatory reforms, decentralization of economic functions; and empowerment of communities.

SUMMING UP

The good governance agenda advocates freedom of information, a strong legal system and efficient administration to help the underprivileged claim equality. These have been most successful when backed by strong political mobilization through social movements or political parties with a clear-cut vision. The Indian state has, without doubt, failed in its responsibilities of delivering public goods and services to its citizens over the last 50 odd years. There is a need for the state to move out of many areas, which it had previously occupied and the process could be initiated with economic liberalization.

To talk of good governance implies bringing about goodness in all

the three sectors: government, civil society and corporate world. Good governance is a tryst with trust, a commitment of the people to the people, a social contract for the greatest good of humankind, and the collective conscience of the community. The success of any administrative system depends on the vigilance of the citizens. The interface between the administration and the citizens, has put administration into a very dominant position without providing for effective public accountability. Methods of increasing accountability and making the administration responsive are thus some of the main issues of good governance.

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12

Good Governance: Issues of Responsiveness and Decentralization

— Chaitali Pal

Ever since Independence, problems of corruption, red tapism, inefficiency and nepotistic attitudes have gradually crept into the administrative fabric of the country. These have clouded the relationship between the citizens and administration. The administrative problems are becoming more complex, and multiple challenges are being thrown before the government. The relationship between the citizens and administration; and between the politicians and administrators have touched an all time low, as both the forces in each equation, are not selflessly and qualitatively contributing toward bettering their ties. Lack of understanding between them has always stood in the way of building a system that espouses the elements of accountability and responsiveness.

The contemporary administrative system appears to be undergoing enormous transformation. Since the issues pertaining to globalization, privatization and decentralization have come to occupy the centre stage, it is pertinent to recognize the fact that governance has to extend beyond the traditional bureaucratic attitudes and accept the values of transparency, accountability, efficiency and equity. Institutions of governance are of crucial importance as these determine the manner in which human development is viewed by the society. Against this backdrop, the main objective of this chapter is to bring out the concept and the need of good governance, which lays stress upon overall human development and administrative responsiveness. It makes an attempt to deal with the issues of responsiveness and decentralization as prerequisites of good governance.

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THE CONCEPT OF GOOD GOVERNANCE

The key items on the development agenda of the 1990s have reform of public administration and issues of governance amongst their priorities (Misra and Dhaka, 2001). 'Governance' deals with the capacity of the government to design, formulate and implement policies and in general to discharge their functions (Asmermom and Hoppe, 1995). Human Development Report 2002, has given a new perspective to governance by terming it as democratic governance, which is essential for better human development. Democratic governance encompasses certain key aspects such as respecting people's human rights and fundamental freedom, say in decisions that affect their lives; and holding decision makers accountable. It attempts at making the economic and social policies more responsive to people's needs and aspirations.

Though the market forces have gained in strength and it appears that economic well-being is gaining predominance over political and social well-being, in practice there is a marked expansion of governance framework. It is bringing in its fold, the new synergies between the state, community and market forces. Thus, governance in the contemporary context is emerging as a new paradigm. The term governance involves all such government activities that manage society. In essence, governance includes a range of activities involving all cultural communities, governmental institutions (legislative, executive, judicial, administrative), political parties, interest groups and NGO's (including civil society, the private sector and the public at large) (Frederickson, 1997). In order to operationalize such activities, governance requires a moral determination that is central to the concerns of all human beings. Governance needs to be seen not merely in terms of managing resources and people during the tenure of government but its ability to take a long-term view of the national as well as the global context.

A working definition of governance could be 'process, systems and structures that guide the social, economic and political relationships'. Governance therefore, is larger than government. In fact, it is the focal point for instituting 'good governance', as all other institutions function within the overall institutional framework provided by the government. Good governance is more than a mere word that implies efficient public administration. It is the process of building and enduring bridges between the state and the society at large through effective and people-oriented mechanisms of administration.

The concept of good governance was conceived in 1989. It found mention in a World Bank Report on Sub-Saharan Africa. It defined good governance as 'a public service that is efficient, a judicial system that is reliable and an administration that is accountable to the

public. The World Bank's Report of 1992 and the emergence of a new paradigm in public administration have added a new dimension to the whole issue of good governance (Minocha, 1998). Four key dimensions identified in this context are: (1) public sector management; (2) accountability; (3) legal framework for development; and (4) information and transparency.

Kenneth Stowe (1992), sets out six characteristics for a better clarification of the meaning of good governance: (i) political freedom, including free speech and a freely elected parliament; (ii) Constitutional and judicial protection of the rights of individuals; (iii) sustenance of the rule of law by an independent judiciary; (iv) sustenance of economic and social development; (v) development of society as a whole through education; and (vi) executive accountability to a freely elected legislature. Good governance is not something that government can achieve by itself. It depends on the cooperation and involvement of a large number of citizens and organizations. These requirements are considered not only essential for good governance but are also important for sustainable human development (Blunt, 1995).

Responsive Administration as a Prerequisite for Good Governance

Administrative responsiveness implies that the administrative machinery has to be strong and responsive enough at the contact points not only to deliver the goods to the citizens effectively, but also to act to the satisfaction of all concerned. To this end, the administration has to ensure: appropriate Constitutional provisions for timely and regular elections to local institutions; decentralized district planning; restructuring of personnel policies and training programmes, flexibility in office procedures, clear definition of tasks, accountability of government functionaries, timely and speedy redressal of public grievances and improvement in working environment (Sahni and Vayunandan, 1992). Unfortunately, even after 55 years of Independence [illegible] have been unable to wipe out the vestiges of the colonial rule. [illegible] time that we pondered where we have gone [illegible]ng and w[illegible] should be carried out to establish an ad[illegible]tive st[illegible]ich is 'responsive' in character and h[illegible] proc[illegible]ent in the society.

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that the remedy laid in institutionalization of local democracy (Ghosh and Kumar, 2003).

Regarding the approach to responsiveness, two different trends of thought have been identified. One is the gradualist approach, which would wish to see a phased replacement of the bureaucratic administration. The other is the instant approach that means we must take the plunge now and unreservedly base responsive administration upon representative administration.

Public disenchantment with the government is a driving factor for the emphasis being given to responsiveness as a key determinant of good governance. The traditional approach to governance had highlighted the role of bureaucracy as the givers while the citizens were projected as passive recipients. But now it is widely recognized that ensuring responsiveness to the people through bottom-up strategies, suitable state-society partnership, and democratically accountable administration could go a long-way in evolving efficient, effective and responsive governance system. The prerequisites of responsive administration are: (i) a large measure of agreement among the members of community as to the ends of policy; (ii) effective power, based on active cooperation of citizens; and (iii) efficient administrative set-up with personnel of requisite capacity and quality (First Five Year Plan, 1952).

Decentralization for Good Governance

Decentralization in all its constituent elements has a close relationship with responsive administration and good governance. Good governance, when seen in terms of effective decentralization is equivalent to purposive and development-oriented administration, which is committed to the improvement in quality of life of the people. It implies high level of organizational effectiveness. It also relates to the capacity of the centre of power of political and administrative system to cope with the emerging challenges of the society. It refers to the adoption of new values of governance to establish greater efficiency, legitimacy and credibility of the system.

A rejuvenated and revitalized local government system, elected and accountable to the people, has been empowered to take decisions on local development policies. It has opened up the scope for people's participation and has the potential for good governance. The concept of good governance demands that the government must not only be representative but also responsive to the needs of the governed. A strong sense of responsiveness and commitment to serve the governed would ensure efficient delivery of services to the people (Mukhopadhya, 1998). In developing countries, it is the government, which initiates and implements developmental programmes. It must gain the support of the people in the discharge of their responsibilities

with regard to programmes, particularly at the cutting-edge level. Such support would strengthen democracy as well as positive response of the community to developmental programmes, which should be the ultimate goal of good governance (Syndicate Paper, 2001).

Local democracy can play a crucial role in enriching the practice of democracy. It makes the democratic system relatively accessible to the disadvantaged and thus expands the scope of social and political participation of the common people. The local government is the bulwork against centralization of state power. It makes government more responsive, transparent and accountable. It ensures efficient and prompt service delivery as well as gives an opportunity, to the ordinary citizens to learn the art of collective decision-making in order to influence public policies (Ghosh and Kumar, *op. cit.*).

The 73rd Constitutional Amendment has brought such changes in the administrative process while delegating the powers and functions of the bureaucrats to the grassroots. The objective is to bring the administration closer to the people and provide honest and responsive administration. However, the results would start trickling in once the elected bodies are able to prove their credentials and provide a more efficient, responsible, transparent and accountable governance. For many years, formation and strengthening of local government institutions as a form of decentralization has been justified in terms of its potential to contribute toward responsive administration. Local self-government is a basis for democratic governance, and that is what the responsive administration is all about.

GOOD GOVERNANCE: PROBLEMS AND CONSTRAINTS

The cherished goals of good governance that draw sustenance from decentralized, responsive and accountable administration have somehow remained a distant dream. Who could be held responsible for causing these failures: the bureaucrats or the politicians? Each blames the other. Broadly speaking, there are a few lacunae in the political and administrative structure such as lawlessness in the society, inadequate number of NGOs coupled with government's indifferent attitude to the functioning of those in existence. The administration is unable to decide on its priorities. Concomitant transformation has not taken place in the attitudes and outlook of the people.

There is an overpowering control of top administration over the lower administration. Rules, regulations and procedures conceived at the controlling levels are becoming more and more complicated. Politicians interfere in day-to-day functioning of administration. Delay in the implementation of policy generates mistrust amongst the citizens. The administrative agencies are usually overworked with the burden of implementing different programmes. Moreover, the

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administrators' lack of willingness and inclination to take up governance issues compounds the problems of realizing administrative responsiveness. Unfortunately, accessibility of the government to the common people and their sensitivity to people's needs have progressively declined.

People's participation, generally considered to be the panacea for governmental apathy is fraught with complexities. Community participation from the state's point of view would depend on the definition and purpose of such participation, the state's perception about its role and the political will to decentralize power and resources to local institutions. James Midgley (1986) has constructed an interest typology on the state's response to community participation: (i) Anti-participatory, in capitalist regimes; (ii) Manipulative by coopting with social movements in order to control them; (iii) Incremental, whereby state's policies are unclear and tendency is to muddle through; and (iv) Participatory, whereby state's own initiatives lead to creation of democratic institutions. The participatory model, though ideal for responsive environment is difficult to evolve.

The issues of combating corruption, and introducing transparency and accountability are not only related with each other, but are becoming more complex with decentralization of decision-making and devolution of administrative and financial powers. The ongoing process of decentralization has also articulated a number of latent conflicts. The decentralization process envisages greater decision-making powers to be vested with the elected bodies at local levels and the bureaucracy is far from being inclined to work with non-officials at that level.

Besides, there are tensions at the local level. These arise on account of the fact that village community is divided on caste, class and political lines. There is a mandate to empower socially deprived sections, as well as provision of reservation for women, SC/STs, but ground reality depicts a sorry picture of the disadvantaged as a distressed and sidelined lot. Conflict also arises out of the use of local resources e.g. land etc. by commercial enterprises, which resort to desperate financial arrangements, devolution of powers and differential development programmes for the urban and rural areas. What is intriguing, it has been observed, is the behaviour of the political parties who profess to subscribe to well-defined pro-people ideologies and believe in conducting political activities through their party organizations. Even they seem to be afraid of political participation of the common people. Another disquieting feature is the tendency of political parties to create a patron-client relationship between the political elite and the masses (Ghosh and Kumar, *op. cit.*).

Decentralization is usually thought to ensure participation. However, it is not so easy. In stratified societies such as ours, with unequal distribution of land, wealth and income as well as access to

human capital, devolving power from the centre may only pass it on to powerful local elites who are even less responsive to the needs of their people. Without fundamental changes in socio-economic structure, local governments could become an instrument of oppression at the hands of influential local elites (Human Development in South Asia, 1999).

TOWARDS PARTICIPATORY AND RESPONSIVE GOVERNANCE

The process of decentralization and empowerment of people has been initiated from the top rather than emanating from demands at the grassroots. Over time, pressures from below have started building up. A much more active role from the NGOs and positive attitude towards decentralization from the bureaucracy would therefore be necessary to build up the pressure from below. A paradigm shift needs to be effected through the system of governance. The goal of good governance can be realized only if these problems are addressed in the right earnest. It would require the government to ensure the people a substantive role in decision-making and implementation. In order to repose people's faith in governance, the four pillars of citizens' charter, namely, *information, transparency, accountability and redressal of public grievances* should be strengthened. Decentralization of power, participation of citizens in local decision-making, implementation of schemes affecting their livelihood; and quality of life are essential aspects of good governance that need urgent attention.

An experiment initiated by the Bangalore City Corporation in making public agencies responsive as well as accountable to citizens is noteworthy. Launched in 1993 by a group of committed citizens, the system of 'Report Card', provided for citizens' views on public service delivery in the city. Respondents focused on agencies they deal with to redress a problem or to get a service, ranking their satisfaction and indicating the time spent. The findings were disseminated to public agencies, media and NGOs, trigerring some service providers to become more efficient and accountable (World Development Report, 2000–01).

The New Public Management Approach, which is client-centred and treats citizens as esteemed customers, places foremost emphasis on responsive administration. In public sector discourse, 'place management' is emerging as a potential solution. It is a new approach to address major issues facing particular communities and regions, and reshape the planning and delivery of appropriate responses to those areas. It aims at equity, targeting of outcome, accountability, co-ordination and integration in service delivery (Walsch, 2001).

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The Conference of the Chief Secretaries of States/Union Territories on 'Effective and Responsive Administration' in November 1996, has recognized the fact that governance has to extend beyond conventional bureaucracies and actively involve citizens at all levels so as to ensure service delivery and programme execution through autonomous elected local bodies (Government of India, 1996). Unless the political and administrative arrangements between the state and sub-state levels are broadly comparable to those between the Union and the state governments, effective decentralization cannot take place.

The behaviour and perceptions of the bureaucrats towards the grassroots administration also need to be studied. Success of the administrative system is mainly a result of two factors: *one*, citizen's response to administrative activities or, in other words, people's participation in the process of public policy; and *two*, the capacity of the administrative system itself to bring about changes. In a democratic system like ours, a study of the citizen-administration relationship, could provide an insight into the complexities of administration.

As a part of reform strategy, there is a need for responsive administration for local level development, as administrative reforms must not only result in efficient and effective management of government, but also in greater administrative responsiveness (Lee and Samonte, 1970). Political openness and an awareness of ethnic or regional identity have also contributed to the trend toward greater political and administrative responsibilities being placed on the shoulders of local authorities. In order to ensure that newly empowered local governments are, in fact, responsive and accountable to their constituents, transparency and incentives for democratic participation will be required (Shahid, *et al.*, 2000).

The old 'mai baap' concept of bureaucracy should give way to a more caring and responsive bureaucracy. At the grassroots level, it is expected now that the local level bureaucracy should go to the doorsteps of the people and not vice versa. For instance, the 'Janmabhoomi Programme' initiated by the Government of Andhra Pradesh is a measure in this direction. It is therefore, desirable to have a transparent interface of development bureaucracy and people's representatives. To make this interface more cordial and co-operative, there should also be a provision for participative appraisal through the Gram Sabhas in order to fix the responsibilities of the people's representatives and the bureaucracy.

Development assistance to the Third World countries in the post-cold war era has been subjected to the new politics of 'good governance'. Good governance need not be narrowly conceived in the manner the World Bank and other funding agencies have sought to present them. A more creative approach would be to treat the

issues involved as new opportunities to have a fresh look at state-society relationships in the present complex world of governance (Bhattacharya, 1998).

All institutions of the civil society have a pertinent role to play in demanding changes, preventing malpractices and supporting initiatives of responsive administration. Sustainable development requires institutions of good governance that embody transparent and participatory process based on partnership and other arrangements among the government and other elements of civil society. In Brazil, for example, by bringing grassroots electoral pressure on local governments, interaction between local administration and community has been fostered. Political interference has been kept at bay on the state government's insistence that the Municipal Councils, for disbursing development funds, have at least 80 per cent representation from user communities. If communities feel that they are treated unfairly by Municipal Councils, they can apply for funds directly from the state government (World Development Report, 2000–01).

Good governance is the moral determination, which provides the foundation for the governing process. It exhibits not only a higher moral tone but also more of trust, the reciprocity of relationship between government and civil society, the extent of accountability, and the nature of authority wielded (Hyden and Braton, 1993). Thus, it could be stated that one of the basic requirements of good governance is responsive administration, which depends on (i) delegation and devolution of authority and responsibility; (ii) adherence to clearly defined ethical standards; and (iii) process of consultation and participation in decision-making. The objectives of good governance can be realized through utilization of information technology, systematic training, adequate transparency, as well as effective decentralization, delegation, democratization and debureacratization processes.

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13

Decentralization: Concept, Characteristics and Constraints

— Sweta Mishra

Decentralization has emerged as a prominent issue in the literature of public administration and is regarded as one of the most important social innovations of this century. It has been and continues to be advocated as a pertinent component of policy packages to improve governance in developing countries, especially in the context of disillusionment, which has set in on account of central planning. The centralist regimes find themselves overburdened with complex and widespread socio-economic problems for which they have no answers, as the governments have sought to create more socially equitable patterns of economic growth to meet the basic needs of the poor. Decentralization has become a major element in the administrative organization of governmental services as a result of enormous increase in the variety, number and complexity of functions of the modern state. Since the major experiments in decentralization have been made at the grassroots level, this chapter mainly focuses on the genesis and growth of Panchayati Raj Institutions in the country. The chapter brings out the concept and rationale of decentralization. It discusses the developments in the area of decentralization in India and underlines the constraints and problems hampering its effective implementation.

THE CONCEPT OF DECENTRALIZATION

Decentralization means different things to different people. Lexicographically, decentralization means both, reversing the concentration of administration at a single centre and conferring powers to local government. The dictionary captures the idea of decentralization as a political phenomenon involving both administration and government (Smith, 1985). In the words of Pfiffner and Sherwood (1960), 'In some

respects, decentralization has come to be a *gospel* of management. *Firstly*, it is regarded as a way of life to be adopted at least partially on faith; *secondly*, it is an idealistic concept, with ethical roots in democracy; *thirdly*, it is the beginning of a more difficult way of life because it involves a change in behaviour running counter to historically-rooted cultural patterns of humankind. That is why the new literature of decentralization dwells on how to bring about a change in organizational behaviour. People find it difficult to delegate or think in terms of overall results. Yet, this is the very key to the behaviour required of leaders in a decentralized organization'.

In some countries, decentralization is seen as a way of mobilizing support and ensuring participation in national development policies by making them better known at the local level. In most Asian countries, decentralization has taken two major forms, one has been the deconcentration of responsibility for development functions to field agencies without giving them discretion or autonomy; the other has been delegation of functions to agencies that are outside the regular administrative system (Rondinelli and Cheema, 1983).

To be precise, decentralization is an ideological principle associated with the objectives of self-reliance, democratic decision-making, popular participation in government, and accountability of public officials to citizens. Thus, decentralization is a political decision, and its implementation, a reflection of a country's political process. It should be seen in terms of people's empowerment, local resource management, self-help initiatives and micro-level collective efforts.

THE RATIONALE OF DECENTRALIZATION

Rondenelli (1981) has identified a variety of arguments that have been made for decentralizing development planning and administration in the Third World countries. According to him:

- Decentralization can be a means of overcoming the severe limitations of centrally controlled national planning by delegating greater authority for development planning and management of field officials. It can cut through the enormous amounts of red tape and highly structured procedures. By decentralizing functions and reassigning central officials to local levels, their knowledge of and sensitivity to local problems can be increased.
- Decentralization could allow better political and administrative 'penetration' of national government policies into the remote areas. Decentralization calls for greater representation of various political, social, ethnic and tribal groups in decision-making. It could increase the administrative capability of local institutions, government and private, to

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take over some of the pertinent central government functions. It also relieves top management of its routine tasks. Decentralization could also provide the structure whereby the activities of central ministries and various local agencies could be effectively integrated.

- Decentralization is needed to institutionalize participation of citizens in development planning by creating alternative means of decision-making. It can increase political stability and national unity, can deliver public goods and services at lower costs; and make the administration more innovative, flexible and creative.

The different approaches to the concept of decentralization have been clearly and profoundly presented by Fesler (1965). Following his classification, the approaches can be grouped into four categories: the *doctrinal*, *political*, *administrative* and *dual role*. The *doctrinal* approach seeks to transform decentralization as an end in itself through a process of 'romantic idealization'. Instead of treating decentralization as a means for the achievement of some end-values, such idealization tends to elevate it for the status of hardened doctrine. The *political* approach underscores the essentially political character of decentralization. Initiatives to decentralize, willingness to pass on the power and functions to the decentralized and field units, and to allow these units to actually operate within a framework of autonomy are politically determined.

The *administrative* approach to decentralization is motivated by the efficiency and rationality criteria. When field administrative units are set up through the process of deconcentration, the measure is considered appropriate for field level decision-making and prompt problem-solving. As more and more specialized administrative units come up at many levels between the locality and the central headquarters, the administrative situation gradually presents a picture of polarization between general area-based administrative demands and specific function-centered claims of particular functional departments. Finally, the *dual-role* approach, is a kind of rehearsal of the area-function dichotomy in a new setting. Decentralization is placed within a larger context of development and change, as distinguished from maintenance of status-quo. Conceived in administrative terms, this approach seeks to highlight the conflict in field administration between tradition and change.

The concept of decentralization covers a wide range of activities and ideas. Given such complexity, a variety of criteria must be used to assess decentralization, which includes the degree to which decentralization:

- Contributes to achieving broad political objectives, such as promoting political stability, mobilizing support and cooperation for national development policies; and providing heterogeneous regions, interests and communities with a stake in the survival of the political system.
- Increases administrative effectiveness by promoting greater coordination among units of the national government and between these and sub-national administrative units, local governments and non-governmental organizations or by encouraging closer cooperation among organizations to attain mutually acceptable development goals.
- Promotes economic and managerial efficiency by allowing governments, both at the central and the local levels to achieve development goals in a more cost-effective manner.
- Enhances government responsiveness to the needs and demands of various interest groups within the society.
- Contributes to greater self-determination and self-reliance among subordinate units of administration or non-government organizations in promoting development or meeting highly valued needs within the society.
- Ascertains the appropriateness of the means by which policies and programmes are designed and carried out to achieve the goals of development (Mishra, 1991).

GENESIS AND GROWTH OF DECENTRALIZATION IN INDIA

The commitment to development as a major goal of the country is not just a post-independence phenomenon. The seeds of decentralized development were laid during the struggle for freedom itself. But, it was only after independence that a well-conceived effort was made towards all round development in the rural areas. The First Five Year Plan defined the central objective of planning as creation of conditions in which living standards were kept reasonably high and citizens were supposed to have full and equal opportunity for growth and justice. The Community Development Programme (CDP) was launched in the year 1952 together with National Extension Service, which slowly spread all throughout the country. However, the experiment failed in the fulfilment of its basic aim to channelise community efforts and unite the same with those of the government, towards generating a self-enduring base of development (Mishra, 1983).

It was indeed very difficult to bring about rapid economic and social transformation of the vast rural masses, most of whom were illiterate, tradition-ridden, and living under conditions of extreme poverty. There were no clearly set goals in CDP regarding equity and distributive justice. All these factors resulted in the rural elite deriving maximum advantage from the CDP and the various schemes undertaken for rural and agricultural development.

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Due to the absence of popular local institutions, in the beginning, the responsibility of implementation of the CDP was given to the steel frame bureaucracy in India, which failed to inspire people's co-operation in the Programme due to its rigid approach, conservatism and lack of development attitude. It was also disheartening to note that the top leaders of our country did not attach the desired importance to the CDP. The ministries of Panchayati Raj and Rural Development in the states were generally considered unimportant and consequently were placed under the charge of relatively less able ministers (Bhatia, 1985).

As a result, on the basis of the recommendations of the Balwant Rai Mehta Team, the Government of India, favoured the decentralization of power and authority to the popular local institutions, i.e. Panchayati Raj Institutions (PRIs). The PRIs were introduced in the late 1950s and early 60s with high hopes and expectations. However, after initial enthusiasm and promising performance, these institutions began to deteriorate rapidly. The Janata Government appointed the Asoka Mehta Committee and entrusted it with inquiring into the sorry situation that was eating into the vitals of PRIs, and suggesting measures to revivify them.

The Asoka Mehta Committee Report thoroughly dissected the ground situation in the rural areas and also attempted to chart out a future plan of action with a thrust on decentralization. The Report outlined the reasons for the decline of PRIs as: being haphazard in approach, suffering from non-performance of functions, stricken with vested interests, lacking political will and training, having inadequate financial resources, etc. Thus, the concept of Panchayati Raj got lost in a haze of conflicting interpretations (Mishra, 1991).

However, the Asoka Mehta Committee's recommendations were implemented only in two states, i.e. Andhra Pradesh and Karnataka where they achieved a partial success. Rest of the states did not even try to experiment with the new pattern. As a result, the recommendations of the Asoka Mehta Committee met with the same fate as that of Balwant Rai Mehta Committee. After the publication of Asoka Mehta Committee and its experimental implementation in the states of Karnataka and Andhra Pradesh, hectic activities at the central level were initiated towards strengthening the grassroots democratic organizations and achieving the goals of democratic decentralization in the real sense of the term.

Apart from the concern expressed by the central government, several state governments including Madhya Pradesh, Bihar and Rajasthan also took up serious steps in this direction. The central government appointed a number of committees and commissions and these were entrusted with the task of suggesting ways and means by which the grassroots democratic organizations could be strengthened. Some of these were—Committee on Administrative Arrangements for Rural Development (CAARD), 1985; L.M. Singhvi Committee, 1986; Sarkaria Commission, 1988; Thungon Committee 1988; Congress Committee on Policy and Programmes, 1988 etc. (Mishra, 1994).

The net result of the recommendations of these committees reiterated the thinking that a proper environment needed to be created in favour of giving a new thrust to the concept of democratic decentralization. All political parties, by and large, arrived at the conclusion that it was high time that a Constitutional status was granted to the PRIs. The result of such consensus was the introduction of the 64th Constitutional Amendment Bill in the Parliament in July 1989. The Bill was passed by the Lok Sabha with the required number of votes in 1989 itself. However, it failed in Rajya Sabha and could not become a part of the Constitution. The National Front Government introduced the same Bill in the Lok Sabha on 4th September, 1990 as the 74th Constitutional Amendment Bill, 1990. However, this Bill died its natural death as the Janata Dal Government collapsed before the passing of the Bill.

In June 1991, the minority Congress Government with P.V. Narasimha Rao as the Prime Minister came into power. It gave top priority to the PRIs and brought out the 72nd Constitutional Amendment Bill, 1991. The Bill was passed by the Parliament on December 22, 1992 after thorough debate and discussion and is now known as the 73rd Constitutional Amendment Act, 1992. By April 23, 1994, all the states had completed the process of enacting fresh legislation on strengthening the PRIs. However, the 73rd Constitutional Amendment Act has not been applied to Jammu and Kashmir, Mizoram, Nagaland and certain Scheduled Areas of the country.

Constitutionalization of panchayats, it has been pointed out, has made a sea change in the status of panchayats. The Constitution has made it mandatory for all states to set up three tier (in smaller states-two tier) panchayats and to hold direct elections to all the tiers at regular interval of 5 years. In respect of devolution of powers and resources to panchayats, however, the Constitution has laid down only the basic principles by way of declaring it as an institution of self-government and providing an illustrative list of functions that can devolve on it (Ghosh and Kumar, 2003).

PROBLEMS AND CONSTRAINTS IN DECENTRALIZATION

Mere legislative enactments do not ensure effectiveness and viability of the PRIs in the states. What is more important is their operationalization. The functioning of new Panchayati Raj reveals the fact that though the legislative and electoral formalities have been completed in almost all the states, at the operational level, there are large variations among them. The high-handedness of bureaucracy, with a

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few exceptions, over the local autonomy still prevails (Mishra and Mishra, 2002).

There are many complex problems and constraints coming in the way of successful functioning of decentralized governments and institutions. Though on paper, several attempts have been made to sort out some of the problems by way of debating on issues like separation of bureaucracy in two parts (i.e. law and order bureaucracy and development bureaucracy), creating separate cadre of Panchayati Raj bureaucracy (which may include policing at the grassroots level), making Panchayati Raj elections a regular feature; and giving Constitutional status to decentralized planning, in reality, however, there remain several areas of constraints, which lead to doubts about decentralized governance.

In spite of 50 odd years of functioning of the bureaucracy in independent India, it has not changed its character, and can still be termed as a steel frame bureaucracy. In other words, one of the prerequisites of successful decentralized administration is the change in the attitude of the bureaucracy. For example, planning, implementation and evaluation of various programmes operating at the district and lower levels should be ideally done by representatives of the people. The situation is thus replete with problems, as the new system of decentralized governance has inherited some unwanted characteristics of the 1959 system when the bureaucracy used to play the dominant role. It is rather difficult to get rid of this legacy. Despite the Constitutional provisions, the bureaucracy is not prepared to function in close cooperation with the people's representatives. Leave alone the bureaucratic attitudes, the mindsets of the people's representatives have also not changed to the desired extent. The basic reason for it may be our rigid and traditional social structure as well as widespread illiteracy.

The 11th and 12th Schedules have been added in the body of the Constitution in 1992, but they have not been actually transferred to the peoples' representatives because the octopus like grip of the district bureaucracy is not prepared to shed any of its colonial legacy out of fear of being marginalized in the development process. So far as assigning of powers and functions to each tier of the PRIs is concerned, these vary from state to state. The experience gained so far is that, at the district level, various departments/agencies implement programmes and function under the overall supervision and control of the District Collector/District Magistrate. The PRIs, therefore, have to be content with backseat driving (Vittal, 1998).

If the new system of decentralized governance is not working properly, it is also because of the fact that in most of the states, the District Rural Development Agency (DRDA) has an independent existence. The DRDA implements most of the programmes sponsored and financed by central and state governments. As a result, there

exists a dyarchical situation at the district level. Due to this situation, in 1996, the central government recommended the merger of the DRDA with the PRIs i.e. to put the DRDA under the control of the PRIs. But except for Madhya Pradesh, Kerala and Uttar Pradesh, none of the other states has implemented the recommendation. This may be because of the collusion between the bureaucracy and state level political leadership.

Another constraint in the decentralized governance is the ineffectiveness of the Gram Sabha. When the old Panchayati Raj system collapsed, the two main reasons assigned to its collapse were non-performance of Gram Sabhas and non-constitutional status of Panchayati Raj system. Now, when the PRIs have got Constitutional status and all the states have been practicing with the new system, the Gram Sabhas still have not been activated everywhere. This is really a matter of great concern because grassroots democracy cannot be successful unless Gram Sabhas are vigilant and sensitive to their own problems.

Unfortunately, our experience, as reflected by various research studies, suggests that barring a few exceptions here and there, Gram Sabhas are still very inactive. The question that hits the mind is: Why is the village community so disinterested in taking an active part in the Gram Sabha? It appears that since the benefit of rural development programmes do not reach the common people, they are not interested in these formal institutions. Unless and until the participation of the local community is ensured in sharing the benefits of rural development programmes, doubts regarding the ineffectiveness of Gram Sabhas will continue to haunt us.

After the passing of the 73rd Constitutional Amendment Act, every attempt has been made to democratize grassroots institutions and transform them into free platforms or instruments for people's participation, and effect change and development at the local level through them. It was in this spirit that the decentralized planning process was made a part of the Constitution by way of constituting the District Planning Committee under Article 243Z(D). But unfortunately, even after having been conferred Constitutional status, the experience in the last decade has not been quite encouraging.

It is quite ironical that on the one hand, we are trying to make decentralized governance viable and effective, while on the other we are creating another centre of power at the local level in the name of Area Development Funds of the MPs and MLAs. It could be because the political leadership of the state is apprehensive of the fact that if PRIs are given a free hand, the dominance of state leadership will gradually recede. Accordingly, in order to maintain their hegemony and dominance, the MLAs and MPs are conniving for the creation of a special fund for MLAs and MPs. In the first ever report on the five year old MPs Local Area Development Scheme, the Comptroller and

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Auditor General (CAG) has brought forth clear cases of fraud, involving over Rs. 50 lakh of public funds, in the implementation of the scheme. The cases of fraud have been detected in six states—Bihar, Himachal Pradesh, Karnataka, Manipur, Nagaland and West Bengal (*Panchayati Raj (PR) Update*, June 1998). The frauds range from fake entries in record books to diversion of funds for non-development purposes and misuse by the MPs (*PR Update*, July 1998).

One of the weaknesses of decentralized governance that has been observed during the last few years is the problem of coordination among the three levels of PRIs on the one hand; and bureaucracy, NGOs etc. on the other. This is giving rise to: (i) ambiguities related to the distribution of powers and functions amongst the three tiers of PRIs mentioned in the 11th Schedule; (ii) lack of clarity on the role of PRIs as planning and implementing agencies; (iii) absence of understanding with regard to the relationship between the PRIs and local level bureaucracy; and (iv) problem of open competition between the PRIs and NGOs. These factors aggravate the complexities of coordination and raise doubts with regard to the usefulness of PRIs.

It is being felt that the financial resources of PRIs are really inadequate. They have to depend on devolutions and the grants-in-aid from the state governments. Besides, most of the states have not transferred funds for the subjects transferred to the PRIs. This is why Prime Minister, Shri Atal Bihari Vajpayee, on October 4, 2002, expressed the need for an amendment in the Constitution to improve administrative as well as financial powers of the PRIs since they have no means of generating their own resources at present.

Another crucial constraint pertains to the fact that in spite of the reservation for women, SCs and STs as well as the OBCs, the problem has not been solved because these categories of people, who have been traditionally suppressed by the upper castes are now subjugated by dominance from within their own groups. By and large, only those individuals have been elected from the reserved constituencies, who have the patronage of the dominant sections of the society and who function like the mouth piece of the affluent sections in the formal meetings of the PRIs.

It has also been found that in some places, the Panchayati Raj representatives are misusing their power. In the latter half of 2002, the major news channels had reported an incident that occurred in Madhya Pradesh, where a Gram Panchayat ordered 'gang rape' as a punishment to a school teacher for her alleged affair with a colleague. This shows how in the name of autonomy, the powers in the hands of Panchayati Raj representatives are being blatantly misused.

The constraints facing the present Panchayati Raj system draw attention to three types of models that emerge with regard to powers and functions of the PRIs (Bajpai, 1997):

The *first* model comprises states, which have drawn the list of functions and activities for different levels of panchayats in a routine manner on the lines of subjects mentioned in the 11th Schedule. These states have also added some other functions like preparation of annual plans, consolidation of the plans prepared by the lower level of panchayats, preparation of annual budget, provision of relief in natural calamities, etc. The states, which come under this category are Assam, Karnataka, Haryana, Punjab, Rajasthan and Uttar Pradesh.

The *second* model is prevalent in states like Orissa, Kerala, Gujarat, Tamil Nadu and West Bengal. In these states, the functions have been categorized under two heads: (a) obligatory or mandatory functions; and (b) discretionary functions.

In the *third* category come those states, which have drawn their own list, of course, keeping in view the subjects listed in the 11th Schedule. Such states are Andhra Pradesh, Madhya Pradesh, Maharashtra and Himachal Pradesh.

Thus, it becomes clear that the sphere of activity of each tier under each item has not been defined and is left to the discretion of the concerned state governments. In the changing scenario, the PRIs need to exclusively devote themselves to the task of development, and should therefore enjoy a large measure of autonomy. But the ground reality depicts a contrary picture.

DECENTRALIZATION: THE ROAD AHEAD

In the search for causal factors, it will be necessary to remember that Panchayati Raj System has so far been an endowment from above. There has been no popular movement demanding local democracy. Thus, if a state decides to decentralize its powers and responsibilities through the democratically elected local government institutions, it has to be treated as a demonstration of its political will (Ghosh and Kumar, *op. cit.*).

The constraints and problems that mar decentralization initiatives are myriad but should not signal an alarm, as we are passing through a transitory phase and any type of transition takes time to show positive results. The new system of Panchayati Raj is gradually generating awareness in many sections of the rural community and in certain cases, strong voices against exploitation and excesses have been registered.

To achieve the objectives of decentralized planning, the basic prerequisite should be the bottom-up approach i.e. planning process that starts from Gram Sabha, goes up to the district level, gets assimilated in the state plan and finally becomes a part of the central plan. Such type of planning that focuses on the involvement of people

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will be need-based and at the local level, it is the Gram Sabha, which can really prioritize their needs (Mishra and Mishra, 2001).

A welcome step in this direction was taken by the Government of India, when it decided to observe the year 1999–2000 as the 'Year of Gram Sabha'. This is a clear acceptance of the potential of the most significant institution of participatory democracy and decentralized planning. The Ministry of Rural Development, Government of India has issued instructions that Gram Sabhas should meet frequently and regularly. It has further requested the state governments, to hold at least one meeting of the Gram Sabha in each quarter of the year. The whole objective behind this has been to make the Gram Sabha an effective instrument of planning and implementation at the local level; and also to facilitate transparency and accountability at the village level. How far such initiatives would be successful is yet to be seen.

Thus, what is required is to weave and develop a new, and responsible participatory culture at the local level to sort out the problem of coordination. Besides, there should be necessary amendment in the Panchayati Raj Acts of various states, which is possible only if there is a strong political and administrative will. PRIs need to be made responsible both, for planning and for implementation of development programmes for the local community, and their capabilities in this regard need to be enhanced. Therefore, if the PRIs have to be made effective, the DRDA has to be placed under the control of these institutions so that the people's representatives can be involved in the implementation of development programmes. Periodic elections to the PRIs will prove to be a milestone in the path of enlightenment and social and political consciousness of the weaker sections.

Many states are experimenting with innovative measures to improve the functioning of Panchayati Raj. To maintain transparency in the implementation of rural development schemes in the state, the Assam government has ordered the constitution of vigilance and monitoring committees in each block. Panchayati Raj in India has also found a special mention in the UNDP Report, 2002. It reiterates the fact that 'In principle, decentralizing power from the centre to provinces, districts or villages enables people to participate in decision-making more directly. But in reality, it simply transfers power from one set of elites to another. Democratic decentralization, could truly give voice to the people, but it requires enhancing participation, especially by the people who are often marginalized, and increasing the accountability of public officials at local levels' (*PR Update*, 2002).

The enormous task of national reconstruction and rehabilitation, calls for building suitable organizational structures and institutional arrangements, which would integrate the people into the governmental process. It should entail creation of 'an environment of shared partnership between the administrators and the administered'

(Mishra and Sharma, 1983). In this way, the efforts of the people themselves could be united with those of the governmental authorities to bring about a balanced economic growth, which will initiate the process of social and political development. It is needless to emphasize that the governmental apparatus will have to be decentralized and taken to the doorsteps of the people, where the involvement of the masses can be effectively ensured.

CONCLUDING OBSERVATIONS

Decentralization is no magic wand as our experience indicates. The success or failure of decentralization hinges upon the nature of the institutions created, the extent of power and finances delegated, the pattern of power distribution among groups in the region and the participation of civil society. It pays to remember that decentralized government, when carefully executed, is the most potent mechanism for social cohesion and people's empowerment (Human Development in South Asia, 1999).

The new system of decentralized governance could provide an element of continuity and enlarge the participatory process at the grassroots level if the provisions for regular elections and mandatory participation of women, SCs/STs and OBCs in these bodies are strictly observed. With regard to social and bureaucratic transformation, the cause for concern should not be high, as the masses in rural areas are slowly but steadily awakening and voicing their concerns. Many sincere NGOs and self-help groups are reaching out to them in order to make them aware about their capacities and privileges, and also to show them the way to a better and fuller life. In the years to come, the rural masses are likely to become more conscious and aware of their rights and duties. Therefore, the planning process has to ensure adequate involvement of the people.

The bureaucracy too has to gear up to accept the masses as important constituents of the development process. People's representatives have to change their attitudes and perceptions toward the general public. The upper castes have to change their traditional mind-sets toward the SCs/STs and OBCs. The mass upsurge has already taken place, but it will take some time to realise its vision. The periodic shuffling and reshuffling of leadership by way of regular elections, and increase in the level of politicization of local community will certainly ensure the success of the system of decentralized governance in the foreseeable future.

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14

Women, Society and the State: Some Reflections on the State's Approach towards Women's Empowerment in Society

— Debal K. SinghaRoy

The growing accent on good governance has triggered the debate on the need for a humane state, which is regardful of the deprived and marginalized sections of the society. The administrative machinery of the state has to be thus geared to meet the demands of the large masses who go unheard and unattended at the periphery. Uplift of women from the marginalized sections of the society would best address the issue pertaining to the quest for humane governance. The glaringly disadvantaged position of women in society has received the attention of the development practitioners since mid-1940s. A pertinent development in this regard took place in the post-World War II period, when many countries granted the right to vote to women. The United Nations followed suit and, in a similar vein, set up a Commission to look into the issues concerning women in society.

The state's approach towards empowerment of women in society has been influenced by the different viewpoints on women's issues. Against the backdrop of the changing perspectives on women's development from 'women and development', to 'women in development', the Government of India has formulated and executed several plans and programmes that cater to these perspectives of development centering around women. In early 1970s, the Government of India also set up a Committee on the Status of Women in society. In the recent years, in the context of globalization, there has been a resurgence of the debate on empowerment of women within the new development paradigm. Women's issues are no longer looked at from merely the perspective of family and social welfare.

The processes of gender construction in the society shape the socio-economic position of women as a social category. These processes, which are conditioned by the economic foundation, institutional framework, and the ideological perceptions of the society, have relegated women to a marginalized position. In general, they have been socially segregated, economically deprived and politically disempowered. This chapter aims to examine the nature of deprivation, poverty and marginalization of women in society, especially in the light of the various dimensions of women's empowerment. It specifically focuses on the global and grassroots initiatives to empower the women belonging to the marginalized sections of the society. The chapter attempts to draw attention to various administrative and legislative policy provisions for uplifting the status of women in India.

DEPRIVATION, POVERTY AND MARGINALIZATION OF WOMEN

Marginalization, as a social process has been aggravated by various forms of deprivation and poverty. In every human society, there is a section of marginalized groups that bear the brunt of deprivation. The Human Development Report (HDR) (1997) has stated: 'Deprivation in basic capabilities encompasses deprivation in years of life, health, housing, knowledge, participation, personal security and environment. When these different kinds of deprivation interact, they severely constrain human choices. Indeed the form and extent of such deprivation for women is qualitatively different from that of men in the developing societies'. It has been pointed out that women form a separate analytical and empirical category in addition to, but distinct from, the more commonly used categories such as class, race and caste (Agarwal, 1983).

The HDR in South Asia (1997) reads: 'While growing up in South Asia is a perpetual struggle, to be a woman in this region is to be a non-person. Women bear the greatest burden of human deprivation in South Asia ... There has been very limited investment in improving the basic capabilities of women and enabling them to take full advantage of the opportunities of life'. In India, over two thirds of the female adult population is illiterate. Another indicator of their marginalization is the sharp decline in the female sex ratio, from 998 in 1910 to 927 per 1000 males in 1991.

It has been observed that gender forms the basis in all societies for the division of labour, and the social allocation of rights and responsibilities, inter-woven with hierarchies of age, race, ethnicity, religion, lineage, caste and class, among other differentials. Inequalities based on gender pervade every aspect of social life and affect women's chances for survival and security in fundamental ways (Sridharan, 2000).

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The higher extent of gender disparities in areas of income distribution, health facilities, educational attainment, representation in the decision-making bodies, presence in the administrative and management services, etc. is closely related to the situation of poverty of the marginalized groups. Here, poverty implies not only hardship for women, but also squeezes opportunities and life options for them. It accentuates gender gap and affects women more adversely than men. It ultimately takes the shape of feminization of poverty.

Socio-cultural factors put several constraints on women's work participation, access to productive resources, information and human development, education and training facilities. Only 14 per cent of Indian women are in the work force. The prevailing state of low sex ratio, low rate of literacy, consequent low access to training and information, low access to advanced health care resources, low participation in the decision-making processes (both in the formal and informal set up) have characterized the mode of survival and issues underlying the struggle of women in India. These are more so, especially in case of women from the marginalized sections of society, mostly represented by the Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and the minorities.

Age-old traditions, beliefs, values, customs, processes of education, socialization and the prevailing institutional arrangements essentially structure the social and economic position of women in society. The socio-economic bases of their marginalization, and powerlessness are legitimately institutionalized within these set-ups. Hence any development initiative, without altering the pre-existing structural arrangement and the broad ideological foundation would only reinforce the structure of subordination and marginalization of the vast majority of people. Therefore, all state initiatives at the national and international levels must, most pertinently, address the issue of empowerment of women.

THE ISSUE OF EMPOWERMENT OF WOMEN

In recent years, in the context of the shift in the social development paradigm of the state, the issues of development and emancipation of women have acquired immense significance. Over the last five decades, the thrust of development has been shifted to the marginalized in India. From the early concern of 'growth with stability', focus has been shifted in 1970s to 'growth with social justice'.

Significantly, in the context of globalization and new economic order, the notion of 'development with empowerment' represents a new coinage, re-orienting the pre-exiting social development paradigm towards a process of sharing of power. There is a need to first comprehend these dimensions in order to comprehend the nature of deprivation and marginalization of women in society. The question of empowerment of women must also take into view the given socio-political conditions of the society in which women are situated as well as the ideological underpinnings of the emerging debate on 'development with empowerment'.

Systemic Change as Empowerment

The centrality of the notion of empowerment is located in the dynamics of sharing, distribution and redistribution of power, which has a basis for legitimacy. While the concept of empowerment is contextualized for the marginalized people, two issues are of crucial importance here:

(1) The pre-existing arrangement(s) of distribution of power (legitimate power/authority) is but hierarchical in nature. This hierarchical arrangement has patterned the social groups into a steep ordering of people, with a powerful few at the social and economic command, deciding on the mainstream of the society, polity and economy (SinghaRoy, 2001). On the other hand, within the same arrangement, the vast majority has remained powerless, occupying the bottom of the socio-economic hierarchy and surviving at the margin of the social order.

(2) The traditional values as well as the economic, normative, institutional and ideological foundations and other rational and legal arrangements of the society legitimize this process of unequal distribution of power. By providing legitimacy to this system of unequal sharing and distribution of power, the systemic arrangements not only legitimize the process of subordination of vast masses, but also contribute to this inequality and to the social construction of marginalization. Thus, the process of marginalization has also been historically embedded in a socio-cultural context to limit public space for the upward mobility of the marginalized groups within this arrangement (*ibid.*).

Those who have the power are those who control the knowledge and material resources, and also the ideology. Hence, the process of gaining control over the self, ideology as well as material and knowledge resources, which determine power, may be termed as empowerment (Batliwala, 1993). Since empowerment deals with power, from the perspective of the marginalized groups, it challenges the power structures of subordination. In the words of Sen and Grown (1988), empowerment is concerned with the transformation of the structure of subordination. It implies a process of redistribution of power within and between families/societies and another aiming at social equality, which can be achieved only by disempowering some structures, systems and institutions.

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To Sharma (1992), empowerment entails a specific focus on the disadvantaged sections. It aims at changing the nature and direction of the systemic forces, which marginalize them. The processes of demolition of the pre-existing structure of subordination and redistribution of power, however, are not automatic. These involve participatory approaches that enable people to emancipate themselves (Kronenburg, 1986), a process of creation of new knowledge (Collins, 1990), a process of conscientization (Freire, 1972), and new identity formation with alternative sensibility. Hence, empowerment is viewed not as an end in itself, but as a means to an end, a strategy to bring liberation from all types of domination.

Co-option as a Strategy

The contemporary development strategy advocates for the institutionalized initiatives and selective co-option of people's mobilization. Skepticism pertaining to the intention and social ramification of such co-option is understandable, as the process of co-option takes care of the interests and the aspirations of the leaders and not of the masses who are mostly left high and dry. This strategy is being propagated specially by the World Bank, in the context of the present globalization scenario. There are two important issues involved in the process of co-option:

(1) The process of co-option has been emphasized in view of the emerging need of the unquestioned hegemony of the state over all the sections of the population. To extend the hegemony and maintain stability, the need for the co-option of the collective initiative of the marginalized by the state in the name of empowerment of the former has been well-articulated within the contemporary development discourse.
(2) The process of co-option looks for institutionalization of the collective initiatives, which have remained so far outside the contours of the initiatives of the state.

Perhaps, apparently there is nothing wrong with the process of institutionalization. The problem lies with what gets institutionalized. It is very often those aspects of mobilization, which are of strategic significance to the state that get selectively institutionalized. The issues of livelihood security of the marginalized groups seldom get represented within these processes of institutionalization. The enterprising local leaders, who often look for opportunities to be integrated with the state in the name of people's representation, procure a fertile ground to act as a global partner in social and political mobilization and development. At times, this process of institutionalization even squeezes the available opportunities of the marginalized to express their discontent and dissent against the domination. Given these limitations, it has to be seen what type of Constitutional, legal and policy initiatives have been taken up by the state to address the issues pertaining to participation of women in the development process.

THE STATE'S MANDATE FOR THE UPLIFT OF WOMEN IN INDIA

Constitutional Provisions

The Constitution of India specifically provides for the protection of the rights of the women. The founding fathers of the Indian Constitution were aware of the fact that within the given socio-cultural order, it may not be possible for women to get gender justice. They suggested special provisions for women on the lines of other weaker sections of society, especially in the Fundamental Rights and the Directive Principles of State Policy of the Constitution of India. Various important Articles have been accordingly introduced to provide protective discrimination and to promote and protect the interests of the women.

Article 10 of the Indian Constitution ensures equality of women and their equal protection before the law. Articles 14 and 15 guarantee a life of dignity without discriminating against women on the basis of religion, race, caste, sex, belief, faith or worship. Article 15(1) categorically prohibits discrimination on grounds of religion, sex, caste, birth and host of other factors. Article 15(3) is vital since it says: 'Nothing in this Article shall prevent the state from making any special provision for women and children'. Article 16 of the Indian Constitution focuses exclusively on the specific subject of equality in public/state employment, while Article 16(1) seeks to guarantee equality of opportunity in such employment. Article 16(2) prohibits discrimination in public employment on grounds *inter alia* of religion, race or sex.

Article 40 of the Constitution of India clearly states: 'The state shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government'. Towards this endeavour, the 73rd Amendment has been introduced to the Constitution of India to ensure the representation of women in the various statutory local bodies of self-government. The 73rd Constitutional Amendment 1993, directed all state legislatures to amend their respective panchayat legislation to confirm to the Constitutional Amendment, within one year. All the states, as a result, complied and adopted the new panchayat legislation by 23 April, 1994 (Kaushik, 1993).

The provisions of 73rd Amendment Act are:

- Not less than one-third of the seats have been reserved for women (including that of SCs and STs) and these may be allotted by rotation to different constituencies of a panchayat.

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- In proportion to the population of SCs and STs in an area, seats have been reserved for SCs and STs. There is reservation for women in these seats allotted to SCs and STs. Not less than one third of the total number of seats may be reserved for women.
- Not less than one third of the total number of seats for the offices of the chairpersons at each level have been reserved for women. This will be rotated among different panchayats at each level—Gram Panchayat, Panchayat Samiti and Zilla Parishad.
- In addition, there are certain general features, which could be taken advantage of by women, such as direct elections for membership and Sarpanch (President) posts, at the local (Gram Panchayat) as well as the intermediary (Panchayat Samiti) levels.
- It has been left to the different states to provide for reservation for membership as chairperson to those hailing from backward classes, if they choose so.

Another pertinent endeavour in the direction of women's uplift is the Bill for 33 per cent reservation for women in Parliament and state legislatures, which was introduced in the Lok Sabha in 1996 for the first time. The passage of this Constitutional Amendment Bill [Article 330(A)], however, has been deferred several times. The main objection is the exclusion of reservation for women in minority and the backward groups, specifically the OBCs. Some important features of the proposed Bill are:

- 33 per cent seats to be reserved for women in the Lok Sabha and state assemblies.
- One third of these seats to be reserved for SC/ST women.
- The 181 Lok Sabha seats to be rotated by draw of lots.
- Bill not to be applied to state/union territories, where seats reserved for SC/STs is less than three. The Bill, thus, does not apply in 10 states/union territories.

India's search for an organizational structure to coordinate efforts towards gender equality and gender justice began with the establishment of the Central Social Welfare Board in 1953. The concept of a national machinery for women's uplift has been evolving ever since. A Department of Women and Child Development was set up in 1985 under the Ministry of Human Resource Development. Besides the Constitutional, legal and policy measures, the state has also initiated several schemes and programmes at the micro-leve as the Development of Women and Children in Rural (DWACRA), Integrated Child Development Services (ICDS), Meals, Education for the Girl Child and Micro-credit, targeted at the marginalized women.

Other Pertinent Policy Provisions

The advocates of women's movements the world over are moving towards the understanding that the demands for women's rights, namely equality of participation, opportunity and agency in all spheres of life, should be directed primarily to institutions that constitute the structure of society and set the agenda of women's lives (Sridharan, *op. cit.*).

India has a history of strong women's movements. These movements have gone a long way to pursue the cause of women's political participation, both at the grassroots and above. There have been certain landmark achievements for the women's movements in India. The Committee on the Status of Women in India has come out with its Report 'Towards Equality' in 1975. After several decades of struggle, the 'National Perspective Plan for Women's Development-1988–2000 AD' has been formulated in 1988. 'The Shramshakti' Report has also appeared in the same year. 'The National Commission for Women' has come into effect by an Act of the Parliament in 1990 to investigate and examine all matters relating to the safeguards provided to women under the Constitution and other laws.

The women's movements have also pressurized the state to implement the commitments it has made in various international fora. The Indian state, in view of its commitment to various international conventions, has designed a National Policy for Empowerment of Women in 1996. This Policy clearly stipulates that:

- Human rights and fundamental freedom for women on equal basis with men need to be ensured.
- All forms of violence against women (physical, mental, domestic or social) through recourse to custom, tradition and practices need to eliminated.
- No discrimination would be allowed in law or practice against women in view of the recognition that human rights and fundamental freedom are entitled to all women.
- All forms of discrimination against and violation of the rights of girl child would be eliminated by undertaking strong steps including punitive ones.
- Synergy of development measures would be designed for holistic empowerment of women.
- Women's active participation in the decision-making is to be ensured for achievement of goals of equality, development and empowerment.
- Policies, programmes and system, would be established in order to mainstreaming of women's perspective.
- Gender sensitization programmes would be conducted on regular basis in all sections of society. Media to be used to project positive image of women.



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- For eradication of poverty and provision for women's basic needs, several programmes would be initiated to: (a) alleviate poverty, (b) provide food security, (c) arrange housing and shelter, (d) provide equal education, (e) formulate a holistic approach to women's health, (f) formulate macro-economic and social policies by institutionalizing women's participation in economic development; and (g) arrange support services like child care facility, etc. to enable women to participate effectively in development processes and to provide special attention to the needs of women in providing safe drinking water, sewage disposal; and sanitation.
- Women's perspective would be reflected in the policies and programmes for eco-system management.
- Diversity of women's situation is to be acknowledged and special programmes need to be made available for women in the disadvantaged group.
- Budgetary provision to be enhanced in the programmes related to women.
- Non-governmental Organizations (NGOs) to be involved in the formulation and implementation of all policies and programmes affecting the women.
- Gender development indices would be developed by the government.
- Desegregated gender studies would be collected, compiled and published regularly.
- International, regional and sub-regional cooperation for the empowerment of women will be encouraged through sharing of experiences, exchange of ideas and technology, meetings and network institutions and organizations through bilateral and multilateral means.

The National Policy has suggested elaborate strategies and action plans to actualize the prescribed goals. It has an action plan to be initiated at the grassroots, district/sub-district, state and national levels. For the state and national level, the policy suggests that there would be Councils for giving broad policy advise, guidance and directions. The Prime Minister of India would head the National Council while the State Councils would be headed by the Chief Ministers of the respective states to oversee the operationalization of this policy on a regular basis. It also suggests that all the central and state ministries would have the gender component in their action plans. It suggests elaborate action for the executive and legislature in all the areas related to physical, social, cultural, economic and livelihood security of women.

The National Policy states 'At the grassroots, women will be organized into self-help groups at the Anganwari level. These women's groups will be helped to institutionalize themselves into registered societies and to federate at the block/town level. Such societies will bring about synergistic implementation of all the social and economic development programmes by drawing resources made available through government and non-government channels, including banks and financial institutions; and by establishing a close interface with the panchayats/municipalities'.

GLOBAL AND GRASSROOTS INITIATIVES FOR WOMEN'S EMPOWERMENT

Global Initiatives

There are several significant dimensions of women's empowerment, especially for women from the deprived sections of society. Globally, the emerging paradigm on 'development with empowerment', however, has been very legalistic, routinized and procedural in nature in the deep sense of the term, for it emphasizes on the need for 'legal action' and a 'stable legal framework' in accordance with the Constitution, laws and procedures of the country.

Hence, the form and extent of 'full participation of the people', and 'equal partnership' of the NGOs with the state for development have been conditioned by the established power structure and the prevailing norms of the states concerned. It is apparent that within the given perspectives, all initiatives for the empowerment of women, especially of those belonging to the marginalized groups should be in accordance with the prescribed rule of the land; the state should selectively co-opt people's initiatives as and when required; and that the NGOs should acquire a significant role to take the burden off the state for empowerment of the marginalized.

Let us examine the possibilities of women's empowerment within these perspectives. The pertinent questions that need to be looked into are: Has the emerging paradigm of 'development with empowerment' focused on the institutionalized processes of empowerment of women in the society?, and what are the strategies opted by the international bodies and the states to break the barriers of empowerment of women in the society? In this context, it is essential to examine the recommendations of some of the international Committees/Conferences, Documents and Declarations.

The Mexico Plan of Action came into force way back in 1975. The recognition of women's rights as human rights became international law when the UN General Assembly adopted the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1979. Discrimination against women was defined as any distinction, exclusion or restriction made on the basis of gender that has the effect or purpose of impairing or multiplying the recognition, enjoyment or

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exercise by women in the political, economic, social, cultural, civil or any other field (Sridharan, *op. cit.*).

A significant UN document addressing gender violence in relation to development goals is 'Forward Looking Strategies', produced at the 1985 Nairobi World Conference to review and appraise the achievements of the UN Decade for women. Since the SAARC declaration of 1990 as the year of the Global Child, many Seminars and Conferences on women's rights have been held as well as several Declarations have been passed.

The Beijing Conference and Platform of Action, 1995 adopted a far-reaching plan to advance the well-being of women and girls around the world. It accepted by consensus 'a platform for action' that builds on 'rights'. It set specific targets for government in areas of women's health, education, economic independence, power sharing, human rights and equality (*ibid.*).

World Development Summit, 1995 talks about 'people's initiatives', 'people's empowerment', and 'strengthening the capacities of the people'. Regarding the objectives of development, it specifically mentions 'that empowering people, particularly women, to strengthen their capacities is the main objective of development and its principle resource. According to this Summit, empowerment requires full participation of people in the formulation, implementation and evaluation of decisions determining the functioning and well-being of the our societies' (*ibid.*).

To ensure full participation of the people, the Summit pointed out that state should provide a 'stable legal framework' in accordance with the Constitution, laws and procedures consistent with international laws and obligations, which promote among other things, healthy partnership with free and representative organizations of civil society, strengthening of abilities; and opportunities for civil society and local communities to develop their own organizations, resources and activities.

It is in this context that the World Development Report, 1997 emphasized the need for an effective role of the state for social and economic development of the marginalized but in a new form. It reads: 'The state is central to economic and social development, not as a direct provider for growth but as a partner, catalyst and a facilitator. The world is changing, and with it ideas about the state's role in economic and social development. According to the World Bank, 'This will include strategic selection of collective actions that states will try to promote, coupled with greater efforts to take the burden off the state, by involving citizens and communities in the delivery of the collective goods'. It asserts, 'For human welfare to be advanced, the state's capacity—defined as the ability to undertake or promote collective actions efficiently—must be increased'.

The Report indeed looks for stability whereby the process of

'strategic selection of collective action', would only be a function in the process of economic globalization. Women belonging to the marginalized sections of the society can directly contribute towards the process of economic globalization only by accepting the institutionalized path of adherence and not by dissent or collective discontent.

Grassroots Initiatives

Women form the core of the marginalized groups, cutting across the boundaries of caste, class, ethnicity and nationality. However, the position of women, especially those of the marginalized groups, is very vulnerable in the context of the shift in the social development strategy. For them, the process of empowerment is not simply a statutory provision, to be given from above, it is rather a process to be reactivated with initiatives from below.

The process of empowerment actually aims to demolish the structure of subordination. It immediately looks for a transformation in the pre-existing structural arrangements of society that legitimize the structure of subordination of women and the marginalized groups. Such an alteration, augmented by the process of new collective identity formation that has the potential of questioning and challenging the pre-existing order, would bring an alternative sustainable process of new identity formation. Here social movements play a crucial role for the creation of new collective identity. Whether the contemporary development discourse would provide the required space for the creation of an alternative structure and identity of the women from the marginalized groups in the society is a crucial question. What they really need is not a strategy for co-option and integration but alternative and autonomous avenues for grassroots mobilization that would create and sustain a new collective identity.

Over the last decade, as we have seen, both intensive and extensive experimentation in grassroots initiatives were undertaken by the Panchayati Raj Institutions (PRIs) in rural India. Studies conducted in several parts of the country show that:

- Representation of women in the PRIs has significantly increased (as the 33 per cent reservation has been made mandatory), and in some states like Karnataka, the rate of participation has gone up to 43 per cent.
- Women's participation in the PRI meetings has also increased in spite of resistance from conservative forces, and, many a time, they are no longer passive participants in the activities of the PRIs.
- Though initially decisions of women panchayat functionaries were being widely influenced by pressure from the male members of their families, women are no longer puppet like entities in the panchayats now. They rather exhibit their independent leadership (SinghaRoy, 2001).

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- 'Women have shown greater efficiency and transparency in running the public affairs' (Mathew, 2003).

Even though the ideology of the contemporary institutionalized grassroots mobilization provides a very limited potential for the empowerment of marginalized women, the PRIs do provide continuity to the process of grassroots mobilization. It is indeed through the process of uninterrupted grassroots mobilization that the women of the marginalized sections of the society are conscientized to raise questions on the very basis of the legitimacy of their subordination and marginalization in society. Such a process of conscientization ultimately leads to the formation of the alternative collective identity and the articulation of gender praxis of the marginalized women for their empowerment in the society with a sense of self-initiative and autonomy from below. These gender praxis of the marginalized women in many areas of the country have created the space to decide the terms of the grassroots politics of poverty based on their own experiences.

IMPLEMENTING STRATEGIES FOR EMPOWERMENT: PROBLEMS AND CONSTRAINTS

Over the last fifty years or so, the governmental structure of the state has remained the same with a considerable continuity with the colonial past. Though various policies have been formulated and reformulated for the social development and empowerment of women, the agencies for the implementation of the policies have remained unchanged. Therefore, there have not been any qualitative changes in the status of women belonging to these groups in society. The marginalized groups of society in general and the women of these groups in particular have articulated the art of their resistance against domination and disempowerment through various collective initiatives even within the pre-existing structures, and at times against the state. Immediately after independence, the women of the marginalized groups have faced the forces of modernity; and they have been victimized first because of the virtue of being women and then because of being members of the oppressed sections of society. The burden of poverty, unemployment, non-recognition of work, low wages, illiteracy, ignorance, ill-health and the absence of basic amenities of life have been cruelly heaped on them.

Empowerment of the marginalized, especially women, calls for sensitive, empathetic and egalitarian governmental and non-governmental initiatives. Many steps in this direction have been taken in India and many more are still required. The Constitutional and non-constitutional initiatives have been many but these have been stricken with various loopholes. The National Policy for Empowerment of

Women says very little on grassroots mobilization and resources for the betterment of women. The PRIs are not free from the clutches of the traditional bureaucratic control. The local power lobby also uses its manipulative tactics to retain its influence. Even after being given some space in the democratic process, women belonging to the traditionally marginalized groups have been at the receiving end of upper caste atrocities. Instances of such caste and gender-based atrocities can be cited from many states in the country. For example, in Madhya Pradesh, the aftermath of elections to the panchayats, held almost a year ago in four of its districts—Raigarh, Chhatatpur, Raisen and East Nimar, saw blatant abuses of authority. Reports such as a lady sarpanch being paraded naked, another lady sarpanch being gang raped, an up-sarpanch being tortured, and a dalit panchayat member being beaten up, have come into limelight (Mathew *op. cit.*).

The formal political participation of women in India is a mere 7 per cent. The Bill for 33 per cent of reservation for women is yet to be passed. The social agenda hidden in the demand for political representation of women and the larger struggle for equal opportunities continue to pose a challenge to institutions of democracy (Sharma, 1999).

As the local power lobby provides ready base for the integration of local labour and the other productive resources with the national and the global forces to maximize its own class interests; it still maintains its domination in society. The rising gender consciousness at the grassroots can encounter these forces only through sustained grassroots mobilization. Notwithstanding the several limitations, the institutions of Panchayati Raj, still have the potential to initiate large-scale mobilization of women at the grassroots and provide the much-required sustainability of this mobilization since these institutions are mass-based and widespread. These are directly accountable to people, and the common person is already acquainted with the functioning of these institutions. The PRIs are also indigenous and essentially based on the principles of participation and democracy.

In this context, it is important to mention here that the PRIs, which were conceived essentially as institutions for development in the 1950s and 1960s as part of the Community Development Projects have taken the shape of institutions for governance and political mobilization at the grassroots in the 1990s and thereafter. As the institutions of democracy, these hold the key to elect 30 lakhs people's representatives in every five years, of which 10 lakhs are women and over 5 lakhs and 3 lakhs are SCs and STs respectively. These also occupy a central place for the regular mobilization of the rural poor on various issues, viz., implementation of land reform laws, execution of literacy campaign, provision of health care facilities, and mobilization against dowry, child marriage and liquor. As the PRIs have got statutory status and permanent existence, these are capable of

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maintaining a continuum in the process of mobilization of the marginalized people, especially women.

Studies conducted in several parts of the country bring forth the traditional caste based attitudes, gender insensitivity of the grass-roots workers, illiteracy, lack of training of the marginalized women at the grassroots and the prevailing ideology of patriarchy and gender segregation. These factors have contributed towards the process of marginalization of women who belong to the deprived sections of society. Again there are several financial and infrastructure constraints, apart from the attitudes of the administrators towards the gender question that have been most traditional and stereotypical. The Constitutional mandate for gender equality, state policies on women's emancipation; and the routinized institutionalized initiatives have effected little change to empower women in the society.

The implementation of several Acts of the Parliament pertaining to protection of women have been ineffective. The Suppression of Immoral Traffic in Women and Girls, 1956 has not been able to arrest the problem of trafficking and prevent the exploitation of women. The Indecent Representation of Women (Prohibition) Act, 1986 has not been systematically enforced. Media still carries indecent representation or references to women in different forms. The National Commission of Women Act, 1990, which empowers the National Commission of Women (NPC) to investigate, examine and review all matters relating to safeguards provided for women under the Constitution and other relevant laws, is not satisfactory according to the NPC. The Commission feels that its powers are not equal to its tastes and that it should have power to prosecute and summarily decide on cases of violation of gender justice. Also, there should be commissions for women at state and district levels as well.

The road ahead may appear grim and tough but, as we have seen, situation is changing gradually for the better. The few but noteworthy success stories of women's role in panchayats in different states need to be taken into account. The NGOs are trying to play a prominent role in organizing the socially marginalized at the grass-roots level and creating an alternative collective identity. The fact that so many policy initiatives at the national as well as the international levels have been conceived and enforced to provide equity and social justice to women, and also to bring them into the mainstream goes on to prove that there is a definite realization of the attempts to redeem the condition of women from its pathetic and inhuman existence. The churning that we are witnessing may lead to substantial and pronounced manifestations in their favour in the years to come.

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15

Law Enforcement Agencies and Human Rights

— A.S. Narang

Human rights have assumed a special role in our changing world. It has been recognized that these rights give humanity its very value and therefore they must be guaranteed by all the states. Human rights, as the term is most commonly used, are the rights, which every human being is entitled to enjoy and to have protected. The underlying idea of such rights—fundamental principles that should be respected in the treatment of all men, women and children—exists in some form or the other in all cultures and societies. This chapter discusses the international and national provisions on protection of human rights. Keeping in view the major role of the police in protecting human rights and preventing their violation in all forms, the chapter brings out the responsibility and accountability underlying the functions of this law enforcement agency. An analysis of the Indian situation vis-à-vis the human rights record is also being made.

CONCEPT OF HUMAN RIGHTS

The contemporary international statement on the human rights is the Universal Declaration of Human Rights. The Declaration covers two broad sets of rights. One set is known as Civil and Political Rights. The other set of rights is known as Economic, Social and Cultural Rights. In the words of the Declaration, these two sets of rights aim to give all people 'freedom from fear and want'.

It is the responsibility of the government to protect human rights proclaimed by the Declaration. Under the heading of Civil and Political Rights, all governments are to protect the life, liberty and security of their citizens. They should guarantee that no one is

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subjected to arbitrary arrest and detention or torture. Everyone is entitled to a fair trial. The rights to freedom of thought, conscience, religion, and expression are to be protected. It is quite clear that unless systems of thought and government are based on respect for the full spectrum of the rights of individuals, they will remain abstract constructs and eventually disappear, often leaving behind them tragedies of catastrophic propositions.

Administration, therefore, has a major responsibility and role in promotion and protection of human rights. It is particularly so in case of law enforcement agencies. The Vienna Declaration (1993) pointed out, 'the administration of justice, including law enforcement agencies, in full conformity with applicable standards contained in international human rights instruments, is essential to the full and non-discriminatory realization of human rights; and is indispensable to the processes of democracy and sustainable development'.

The term *law enforcement officials* includes all officers of the law, whether appointed or elected, who exercise police powers, especially the powers of arrest and detention. Systematic enforcement of law is the key to prevention of the violation of human rights. The violation of human rights cannot contribute to the maintenance of law and order, even if it were done by the law enforcement agencies. This should be taken as the mantra for the successful implementation of the principles of human rights. The rule of law and democracy call for respecting the rights of the individuals; their Civil and Social Rights. Freedom also implies shouldering responsibility for the community and limiting the role of the state to the necessary minimum. The Universal Declaration of Human Rights (UDHR) contains a number of Articles, which are particularly relevant for law enforcement work: Articles 3, 5, 9, 12, etc. speak coherently about the direct involvement of police not only in the protection of human rights but also in their violations. These Articles relate to right to life; liberty; security of person; freedom from torture, cruel, inhuman or degrading treatment; freedom from arbitrary arrest, detention, and interference in one's privacy, etc.

Specific Articles of UDHR provide the following rights:

- Everyone has the right to life, liberty and security of person (Article 3).
- No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment (Article 5).
- All are equal before the law and are entitled, without any discrimination, to equal protection of the law (Article 7).
- No one shall be subjected to arbitrary arrest and detention (Article 9).
- Everyone charged with a penal offence has the right to be presumed innocent until proven guilty according to law in a public trial at which they have all the guarantees necessary for their defence (Article 11(1)).
- Everyone has the right to freedom of opinion and expression (Article 19).
- Everyone has the right to freedom of peaceful assembly and association, and no one may be compelled to belong to any particular association (Article 20).

In law enforcement, there is always a 'tendency to use overwhelming force in putting down demonstrations, or physical pressure to extract information from detainees, or excessive force to secure an arrest' (UN, 1997). To avoid this attitude of the police, it is essential for them to have exposure to some kind of training in human rights so that they can effectively do what they are designated to do—protect society and not become violators of its laws themselves. It has been observed, 'the police are authorized to use force to restore order. But this force should be used in a graduated scale. Non-violent means like persuasion, appeal, use of water canons, etc. are to be tried first and if they fail, police can use canes, tear gas, horses, dogs and even firearms as a last resort to maintain order. But at all stages, the reasonableness and choice of an alternative should be consciously decided' (Subramanyam, 2000). The United Nation's Perspective on Law Enforcement and Human Rights has framed eight Articles for the adoption of law enforcement officials. These should help them to understand their role and functions in the area of human rights protection:

Article 1 Law enforcement officials shall at all times fulfill the duty imposed upon them by law, by serving the community and protecting all persons against illegal acts, consistent with the high degree of responsibility required of their profession.

Article 2 In the performance of their duties, law enforcement officials shall respect and protect human dignity, and maintain and uphold the human rights of all persons.

Article 3 Law enforcement officials may use force only when it is unavoidable and only to the extent it is absolutely necessary. Excessive force should not be used.

Article 4 Law enforcement officials should keep confidential matters as strictly confidential, unless they are forced to disclose them in the discharge of their duties or in the interest of justice.

Article 5 No law enforcement official should instigate or inflict or connive at torture or any other cruel, inhuman and degrading treatment of any person even during an internal turmoil or a threat to national security or in a state of war.

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Article 6 Law enforcement officials should take care of health of persons in their custody and secure medical treatment for them immediately, whenever necessary.

Article 7 Law enforcement officials should not be corrupt. They should put down corruption rigorously.

Article 8 Law enforcement officials should respect the law of the land and its code of conduct. They should also vigorously oppose and prevent any violations of law and the code of conduct.

Of course, the Articles enumerated here are meant for all categories of law enforcement officials. Nevertheless, it can hardly be gainsaid that police personnel form the lion-share of law enforcement machinery in any country. Hence, the police and the public cannot ignore the duties imposed on police by law. But, the allegations generally leveled against the police relate to the fact that they misuse the law by employing dirty methods and tactics. Article 1 of the United Nations resolution insists that the duty of the police is to serve the community and protect all persons against all illegal acts.

Even though, there are well-formulated provisions with regard to human rights adherence by the police, the reality depicts a contradictory picture. At present, malfeasance is considered to be one of the most widespread kinds of crime. One often comes across instances of power abuse among legislative, executive and judicial authorities. Crimes such as corruption, malfeasance and extortion are prevalent in all fields of public life, especially in law enforcement bodies. Human rights are often violated by the representatives of law enforcement bodies before detention of a citizen, during his imprisonment and after his release. Violations of human and civil rights can occur in a variety of forms.

Talking about human rights violations by the police on immigrants who are even more vulnerable than citizens, there exist a number of ways in which this can be done. But these instances are equally applicable to the rest of the society. There can be physical abuse—including man-handling, inappropriate use of firearms, sexual assault, injury during arrest, and reckless treatment during transport. Other types of human rights abuses could include:

- Violation of due process, such as: denial of access to legal counsel, denial of access to a telephone, failure to advise the detainee on legal rights, and fabrication of evidence.
- Illegal or inappropriate seizure of people in illegal law enforcement raids, questioning based solely on ethnic appearance, arrest made without a cause, unlawful temporary detention, unlawful deportation, and deprivation of food, water, and medical attention.

- Illegal searches, entry without warrant or consent, and strip searches undertaken without 'reasonable suspicion'.
- Seizure of/or destruction of property, including unlawful seizure of vehicles, personal belongings, money, or documents, and intentional destruction of/or damage to evidential property.

Many abuses go unreported, because victims either do not know their rights, fear police retaliation, are more concerned with immediate issues or do not wish to tackle the complicated and seemingly futile complaint process. Some victims feel that abuse is just something they perhaps deserve or are even embarrassed to admit that they have been abused (Seltzer, 1998).

Police violations of human rights have a deleterious effect on society: they erode public confidence; exacerbate civil unrest; hamper effective prosecutions in court; isolate the police from the community, result in the guilty going scot free, and the innocent being punished; leave the victim of the crime without justice for his suffering; force police agencies to be reactive, rather than preventive in their approach; and elicit media criticism and political pressure on the government.

On the other hand, when the police uphold respect for human rights; they build public confidence and community cooperation; legal prosecutions are successful in court; they are seen as a part of the community performing a valuable social function; they set an example for others in society to respect law; they are able to be closer to the community and in a position to solve crimes through proactive policing and can elicit support from the media, international community and political authorities (*ibid.*).

To prevent abuse of human rights in the exercise of the duties of the law enforcement officers, the General Assembly of the United Nations has prescribed a Code of Conduct. The Code states that law enforcement officials may use force only when it is inevitable and that the health of the persons in custody should be protected and torture be prohibited. They should keep matters of confidential nature absolutely confidential, unless it is strictly required otherwise for the needs of justice. They should not commit any act of corruption and to the best of their ability, respect the law and oppose any violations to it. All police action should respect the principles of legality, necessity, non-discrimination, proportionality; and humanity.

Apart from these principles, the *UN Code of Conduct for Law Enforcement Officials* along with the *UN Standard Minimum Rules* and the *UN Body of Principles* have set out several important principles and prerequisites for the humane performance of law enforcement functionaries:

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- Every law enforcement agency should be representative of, and responsive and accountable to the community as a whole.
- The effective maintenance of ethical standards among law enforcement officials depends on the existence of a well-conceived, popularly accepted and humane system of laws.
- Every law enforcement official is a part of the criminal justice system, the aim of which is to prevent and control crime, and the conduct of every official has an impact on the entire system.
- Every law enforcement agency should discipline itself to uphold international human rights standards and the actions of law enforcement officials should be open to public scrutiny.
- Standards for humane conduct of law enforcement officials would lack practical value unless their content and meaning become part of the creed of every law enforcement official, through education and training as well as monitoring.

SITUATION OF HUMAN RIGHTS IN INDIA

India is one of the founding members of United Nations and among the first signatories to Universal Declaration of Human Rights. The Constitution of India incorporates a number of these rights and guarantees them to all the citizens without any discrimination. The law enforcement agencies are bound by that. Unfortunately, the organization, management and functioning of the police are essentially based on the Indian Police Act 1861. The concepts of human rights, even though the British claim, have been part of their governance since the time of Magna Carta, were not in any way incorporated in the Indian Police Act in order to serve their own self-interest. Accountability of police for human rights violations therefore was not included in the 1861 Act. When India became independent, all states in India drafted their State Police Acts but they remained, more or less, based on the Indian Police Act 1861. The police and administration, however, are accountable and responsible under the Constitution of India. Besides the Constitution, the Code of Criminal Procedure 1973 deals with the protection of human rights of the people who are accused of having committed offences.

Sections 50, 55 and 73 of the Code of Criminal Procedure, provide rights to the accused on information of grounds of arrest. Section 49, guards against unnecessary restraint of arrested person. Sections 56, 57, 58 and 76 provide the right to be produced before the magistrate without delay and avoid illegal or arbitrary detention. Sections 50(2), 167, 436, 437 and 438 give right to be released on bail, Section 54 is about right to medical examination, Sections 303 and 304 talk about right to counsel and legal aid, and Section 309 is on right to fair and speedy investigation.

Besides, the Code of Criminal Procedure contains a number of provisions for a fair trial, for giving special protection to women and children, etc. In Indian Evidence Act, 1872, there are provisions which make a confession inadmissible if it is obtained by coercion or torture. India also follows the accusatorial model of criminal justice, which is different from the inquisitorial model. Accusatorial model presumes the accused to be innocent until proven guilty (Vadackumchery, 1996).

Further, in order to give a proper direction to the police, the National Police Commission and the Government of India have clearly specified a code of conduct for the police service in India. National Police Commission (1977), in their Code of Behaviour for Police says:

'No police officer shall:

- knowingly or through neglect make any false, misleading or inaccurate oral or written statement or entry in any record or documents, made, kept or required for police purpose, or
- either wilfuly or without proper authority or through lack of due care, destroy or mutilate any record or document made, kept or required for police purposes, or
- without good and sufficient cause, alter or erase or add to any entry in such a record or document, or
- knowingly or through neglect make any false, misleading or inaccurate statement in connection with his appointment to the police force.'

The Code of Behaviour also speaks about abuse of authority by the police. It reads;

A police officer shall be deemed to have committed abuse of authority, if he:

- without good and sufficient cause makes an arrest, or
- uses any unnecessary violence towards any prisoner or other person with whom he may be brought into contact in the execution of his duty, or
- is uncivil to any member of the public.

The practice of police arresting people without good and sufficient cause has been taken note of by the law commissions, various police commissions, research studies and casual observations by ordinary citizens. Amnesty International, a world organization that fights for the cause of protecting human rights observes: 'the police should be given strict instructions to keep up to date the centrally maintained registers of arrests and to promptly inform the relatives, etc. of an arrest and transfer of the detainee as a precaution against illegal or unlawful arrests'. This suggestion remains just a wishful thinking of the Amnesty International even today.

The Government of India has enacted the following principles for police conduct in 1985:

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- The police must bear faithful allegiance to the Constitution of India and respect, uphold the rights of the citizens as guaranteed by it.
- The police should not question the propriety or necessity of any law duly enacted. They should enforce the law firmly and impartially, without fear or favour, malice or vindictiveness.
- The police should recognize and respect the limitations of their powers and functions. They should not usurp or even seem to usurp the functions of the judiciary, and sit in judgment on cases to avenge individuals and punish the guilty.
- In securing the observance of law or in maintaining order, the police should as far as be practicable, use the methods of persuasion, advice and warning. When the application of force becomes inevitable, only the irreducible minimum of force required in the circumstances should be used.
- The prime duty of the police is to prevent crime and disorder and the police must recognize that the test of their efficiency is the absence of both and not the visible evidence of police action in dealing with them.
- The police must recognize that they are members of the public, with the only difference that in the interest of the society and on its behalf, they are employed to give full time attention to duties, which are normally incumbent on every citizen to perform.
- The police should realize that the efficient performance of their duties will be dependent on the extent of ready cooperation that they receive from the public. This, in turn, will depend on their ability to secure public approval of their conduct and actions and to earn and retain public respect and confidence.
- The police should always keep the welfare of the people in mind and be sympathetic and considerate towards them. They should always be ready to offer individual service and friendship; and render necessary assistance to all without regard to their wealth or social standing.
- The police should always place duty before self, should remain calm in the face of danger, scorn or ridicule and should be ready to sacrifice their lives in protecting those of others.
- The police should always be courteous and well-mannered; they should be dependable and impartial; they should possess dignity and courage; and should cultivate character and trust of the people.
- Integrity of the highest order is the fundamental basis of the

prestige of the police. Recognizing this, the police must keep their private lives scrupulously clean, develop self-restraint and be truthful and honest in thought and deed, in both personal and official life, so that the public may regard them as exemplary citizens.

- The police should recognize that their full utility to the state is best ensured only by maintaining a high standard of discipline, faithful performance of duties in accordance with law and implicit obedience to the lawful directions of commanding ranks and absolute loyalty to the force, and by keeping themselves in a state of constant training and preparedness.
- As members of a secular and democratic state, the police should strive to continually rise above personal prejudices and promote harmony and the spirit of common brotherhood amongst all citizens transcending religious, linguistic and regional or sectional diversities; and to denounce practices derogatory to the dignity of women and disadvantaged segments of the society (Seltzer, *op. cit.*).

THE ROLE OF POLICE IN PROTECTION OF HUMAN RIGHTS

In spite of all these provisions and codes, some police officers are not yet mentally prepared to accept human rights as an essential part of citizens' life partly because they do not know what is meant by human rights and partly because they are afraid that their power and authority would be questioned, controlled and sometimes annulled.

The General Assembly of the United Nations adopted a resolution on December 17, 1979 in which they insisted that all law enforcement officials should respect and protect human dignity and uphold the human rights of all persons.

The police, as a sub-system in law enforcement, command tremendous power and authority. Unfortunately enough, there exist a lot of allegations against the abuse of authority or assumption of pseudoauthority by police. They violate the human rights of people, which range from tattooing the foreheads of suspects or humiliating or torturing undertrials to 'fake encounters' with people on the pretext of suppressing extremist activities. They beat up the journalists because they write and photograph the evil activities of police; they concoct evidence because they want to somehow get a conviction for the accused; they plunder the criminals because the law-violators cannot fight them back and finally they incite communal violence for political gains, for they want to humour the politicians for their personal advantages. All these are criticisms that have been leveled

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against them by the media. It reflects increasing police atrocities and projects their faulty approaches towards human rights.

The misplaced approaches to human rights arise out of faulty leadership and its pervert philosophies. The character and ability of leadership in any organization including the police determine the type and nature of approaches to the lower ranks. If the leadership itself is charged with violation of human rights and if the leaders themselves are jailed for having violated the human rights of citizens and caused deaths of people in custody, then there is no meaning in insisting that the lower ranks should adhere to the principles underlying human rights. It has been observed that in certain states in India, officers who have been accused of having tortured and caused custody deaths were given to manage and supervise the entire police department. There have been instances in which such officers have been posted as Directors General of Police even against strong objections from the press, media and other police personnel. These defaulters are generally the favourite blue-eyed boys of the political party in power or some powerful politicians in government. This sort of approach should be discarded if one desires to have a different and unbiased approach to human rights. The principle that 'an army chief who was once a prisoner of war shall never be asked to head the army' should be followed even in police, if the difference in attitude and approach to human rights is desired.

Some of the basic functions and duties of the police relate to being careful so as not to violate any human rights while recording complaints, making an arrest, detaining alleged culprits, investigation of cases, maintenance of public order and acting as a protective agency. Of late, the courts are inclined to impose personal liability on individual police person for making compensation for the victims of police harassment and torture (Vadackumchery, *op. cit.*). This sort of attitude of the courts necessarily calls for the police functionaries to be more cautious about adherence to human rights. Hence a change in the outlook and approach becomes essential.

The Universal Declaration of Human Rights clearly states, when policing in democracies, the police officials have to put limitations on the exercise of rights and freedoms only when necessary to secure recognition and respect for the rights of others and for meeting the just requirements of morality, public order and general welfare in a democratic society. The preambular paragraph of United Nations Code of Conduct for Law Enforcement officials states that it should be kept in mind that every law enforcement agency shall be representative of and responsive and accountable to the community as a whole. The police have to be non-discriminatory as all persons are considered equal before the law and are entitled to equal protection by the law.

The police are well-advised to involve themselves in community activity and seek cooperation from various public bodies as also from

NGOs. They should maintain close rapport with religious heads and headmen of the communities in addition to the media persons living in the community. Another way to achieve police adherence to human rights is for non-governmental organizations, journalists and individuals who are interested in human rights to take an active part along with the government towards the campaign against human rights violations. The nature of training provided to officers prior to and during duty should be a key concern for activists. Not all characteristics of all police culture are universal and there would be some variations within the police themselves based on personality, exposure and career orientation. But when imparting training, the various ways in which individual officials and regions do not conform to generalizations have to be understood at the local level where the programmes will be implemented. Effective sensitization to reinforce positive attitudes and behaviour and thorough training might go a long way toward preventing abuses in the field.

CONCLUDING OBSERVATIONS

It has also been pointed out that the police should be sensitized about 'the role, importance and use of psychological approach while dealing with management of public order' (Kumar, 2002). This calls for the development of the spirit, temperament and attitude amongst the police personnel so that they apply psychological principles while handling situations in order to understand the problem at hand. Qualities like inquisitiveness, empathy, sympathy, holistic judgement, quick grasping of the problem, patience and cool temperament are important. As has been pointed out, 'The old concept of the police officer as a *Renaissance Man* who once when he fixes on his badge, becomes magically able to perform any job to which he is assigned, regardless of training, interest or personality style, must go. With professionalization, the supervisory activities will be interrelated with the work level. In new management style of the eighties, the supervisory personnel will become part of the work-groups endeavouring to solve problems, instead of resentful onlookers playing only the role of critics' (Sen, 1994).

Mere provisions and lofty claims cannot ensure human rights. Sensitizing the law enforcement agencies such as the police, lawyers and other correction agencies is not an easy task. Attitude formation and change is a long-drawn-out process. Rigorous measures to ensure the adherence to legal and formal; and national and international provisions on human rights need to be implemented.

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16

Principles and Practices of Corporate Governance

— R. Satya Raju

Since the Asian crisis in 1998, the need for a fresh thinking about global governance has been recognized all over the world. The developing countries like India, have been at a loss due to the inadequacies and inequalities inherent in global governance. Human Development Report 1992 estimated the total cost of denying market opportunities to developing countries at roughly $ 500 billion a year, about ten times the amount they receive each year in aid. The harmonizing of global competition and free market approaches with steady and expanding support for human development and human rights in all countries has therefore become very important for managing globalization. In the corporate world, governance has become an important factor for success and excellence. In recent years, the concept of corporate governance has found favour with many countries to maintain transparency and accountability. This chapter briefly explains the issues relating to the concept and importance of corporate governance. It discusses the recommendations of various committees on corporate governance and the different practices of corporate governance in Indian organizations. The chapter also provides a structural framework for effective corporate governance.

THE CONCEPT OF CORPORATE GOVERNANCE

The concept of governance originates from 'Kubernau', a Greek word. It means, to steer or to rule or to discipline. Corporate governance refers to corporate discipline. The activities and actors of the corporations must contribute toward discipline, dignity and decorum of the organizations. Corporate governance denotes a structural framework that ensures a healthy and competitive company with

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provisions of self-cleaning and appraisal by following strategies that focus on transparency, innovation and social orientation. According to the Confederation of Indian Industry (CII), corporate governance deals with the laws, procedures, practices that determine a company's ability to take informed managerial decisions vis-à-vis its claimants, the shareholders, creditors, customers, employees and the state. It has been observed that corporate governance is the way a company manages its business that is accountable and responsible to its owners or shareholders, suppliers, creditors, customers and local community. Corporate governance, as per another view, focuses on the systems and processes to protect stakeholders' interests.

The Cadbury Committee defines the concept of corporate governance as, 'the system by which companies are directed and controlled, thus, placing the board of directors of a company at the centre of the governance system'. Maximizing the shareholders' value in a legal and ethical manner is the symbol of good corporate governance. According to the Cadbury Committee, the three pillars of corporate governance are: nomination committee, remuneration committee and audit committee. These committees have to perform various functions as directed. In Germany, the corporate governance system has a two-tier board structure; the supervisory board (SB) and the executive board (EB). In Japan, corporate governance emphasizes on the growth and market share of the organization. The US corporate governance structure is stipulated by the legal system. The contents of the established corporate laws in each state are the same, containing a general committee of stakeholders and a board of directors. The stakeholders are the supreme rulers of corporate governance because they have the power to appoint and dismiss members of the board of directors.

Corporate governance is gradually becoming an important part of the public and private sector; and also of a sound system of governance. There is a need for corporate governance to practice ethics and values; create confidence among the stakeholders; improve operational efficiency of the business; protect the rights of the shareholders; provide protection to financial and other lending institutions; strengthen the board of directors; provide autonomy and responsibility to the board of directors; and create wealth and economic value.

CORPORATE GOVERNANCE REFORMS: A GLOBAL PERSPECTIVE

The present globalization scenario, with a focus on the removal of trade and investment barriers, increasing mergers and acquisitions, and with growing global competition for goods and services has made the emphasis on corporate governance reforms quite cardinal. This

has taken a centre stage in many developed as well as developing countries, with the basic objective of promoting the societal as well as investor concerns. In the USA, corporate governance reforms have been initiated against the backdrop of widespread corporate restructuring and takeovers of the 1980s while in the UK, the serious mismanagement of a number of large companies, have led to the draft on corporate governance code. In Continental Europe and East European countries, increasing instances of corporate failures, have resulted in evolving best corporate governance practices and codes.

In the UK, while the Code of Best Practice has been laid down by the Cadbury Committee in 1992, another effort has been made by the Hampell Committee in 1998, which views the significance of corporate governance from the point of view of enhancing the prosperity of business and ensuring its accountability. The Hampell Committee focuses on the role of shareholders and directors; their remuneration, accountability and audit. In 1995, the Greenbury Report has formulated a code pertaining to director's remuneration, making a case for full disclosure of director's emoluments. In South Africa, the King Committee in 1994, has focused on worker's participation and formulation of a code of ethics. In France, the recent second Vienot Report published in 1999 (First Vienot Report was published in 1995) has made a case for single-tier board structure and disclosure to the shareholders with regard to executive remuneration policy, and total amount of directors' remuneration. Presently, efforts are on to enact legislation to give effect to their recommendations.

In the United States, in 1998 on the initiative of the New York Stock Exchange, the Blue Ribbon Committee has recommended measures to improve the functioning of audit committee. It has suggested strengthening the independence and qualifications of audit committee members, and improving the mechanisms for ensuring accountability among the audit committee, outside directors and the management.

In 1998, the Organization for Economic Cooperation and Development (OECD) has prescribed certain key principles of corporate governance, to facilitate the member countries, in examining their own legal and regulatory governance framework. It has based its principles on four core standards namely fairness, transparency, accountability and responsibility. The principles broadly cover the rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency and the responsibilities of the board. In January 2000, in Germany, a panel of governance scholars, shareholder activitists and corporate executives issued a set of corporate governance guidelines referring to the OECD principles and encouraging companies to be more transparent on governance and compensation.

In India, the debate on corporate governance has got a fillip with

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the 'Desirable Corporate Governance Codes' developed by the Confederation of India Industry (CII) and the recommendations of the Corporate Governance Committee set up by Securities Exchange Board of India (SEBI).

CODE OF DESIRABLE CORPORATE GOVERNANCE

In 1997, the Confederation of Indian Industry (CII) has brought out the Code of Desirable Corporate Governance, which is considered to be the first of its kind on corporate governance. In India, the CII has been the first to set desirable standards for Indian corporates. The provisions of the code include:

- The full board, which should be single-tiered, should meet at intervals of two months and at least six times a year.
- The non-executive directors should comprise at least 30 per cent of the board, if one of them is the chairperson.
- The non-executive directors should comprise at least 50 per cent of the board, if the chairperson and the managing director is the same person.
- No individual should be a director on the boards of more than ten companies at any given time.
- Non-executive directors should be active, have defined responsibilities and be conversant with profit and loss accounts.
- Non-executive directors should be paid, besides their sitting fees, commissions for their professional inputs.
- The board should be informed of operating plans and budgets, long-term plans, quarterly divisional results and internal audit reports.
- An audit committee, comprising at least three non-executive directors should be set up and given access to all financial information.

Kumaramangalam Birla Committee's Recommendations

The Report of Kumaramangalam Birla Committee, set up by SEBI in 1999, is one of the most important committees on corporate governance. It has called for a separation of executive and monitoring functions. Its recommendations include:

- The board of directors should have an optimum combination of executive and non-executive directors.
- A qualified and independent audit committee needs to be set up by the board of the company with clearly stipulated powers and functions.

- Constitution of a remuneration committee by the board to determine appropriate remuneration package for the board members.
- A management discussion and analysis report should form a part of the annual report to the shareholders covering industry's structure, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns, internal control system, financial and operational performance and material developments in human resource/ industrial relations.
- Disclosures must be made by the management to the board relating to all material, financial and commercial transactions where they have personal interest that is in potential conflict with the interest of the company at large.
- A board committee under the chairpersonship of a non-executive director should be formed to specifically look into shareholders' complaints.
- A company should arrange to obtain a certificate from its auditors regarding compliance with corporate governance provisions. This certificate should be sent to stock exchange and all shareholders.
- A company must comply with all the legal and ethical standards.

The initiatives taken, globally, towards improving corporate governance, centre around certain premises:

- The protection of interests of shareholders, as they are considered the principal owners of the enterprise and ensuring accountability to them by the board and management.
- The board of directors is considered as the key instrument of the management of the enterprise.
- Separation of the functions of management and execution.
- Enhancing professionalism of the board of directors through association of non-executive directors.
- Maximizing shareholder value through ensuring effective performance of enterprise and adherence to the code of ethics.

Corporate Governance Practices

The following are the practices of corporate governance in some organizations as stated in their Annual Reports:

Reliance Industries Ltd. (RIL)

The RIL is committed to achieving the highest international standards of corporate governance, recognizing the fact that the management is

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accountable to all stakeholders for good governance, including the government, shareholders, employees and creditors. The board of directors of RIL comprises 11 directors including 5 external directors. The external directors include 2 nominees from leading investment and financial institutions. The important committees of RIL are Audit Committee, Compensation Committee, Finance Committee, and Share Transfer Committee.

Except for the Finance Committee, all other committees comprise external directors only. The organization has set in place a policy framework for ethical business conduct by all its human resources. The policy contains the values and commitments; code of ethics, business policies, the insider trading policy and a detailed programme for ethics management. The organization believes that increased transparency and enhanced disclosure promote better corporate governance. It has set new benchmarks in adequate and timely corporate disclosure. It regularly maintains a very high degree of interaction with its institutional debt and equity investors. Reliance has also endowed a chair for Corporate Law and Governance at the National Law School of India to coordinate and manage studies, academic courses, training, curriculum development and publication as well as dissemination of information and documentation pertaining to Corporate Law and Governance.

Dr. Reddy's Labs

The board of Dr. Reddy's Labs comprises 12 members. The board has met regularly during the past few years with a clear agenda. Non-executive directors comprise accomplished professionals from the corporate, academic and medical fields. Non-executive directors effectively take part in the board meetings and have also been regular in attending the meetings. All the required information is provided to the shareholders in the meetings. Key information on high and low share prices of the company is disclosed under the heading share-holders information. Defaulters amongst the debtors are discussed at the time of being written off. No loans are being advanced to any of the directors. The company has not defaulted on any loan repayment, interest payment, statutory tax or levy. The economic value added to the company has been favourable and has indicated high profitability.

Bombay Suburban Electric Supply (BSES)

BSES is an energy supplier company, which has delivered much more than electricity to India. It has enhanced customer satisfaction with optimum levels of quality. Its board consists of 9 members, of which 6 are non-executive directors. The company continues to endeavour to follow the globally recognized best practices of governance. The company believes that strong and sound corporate governance

practices would enable BSES to face the challenges of growth effectively and successfully, and contribute to enhancing shareholder value. The institutional nominees on the board of the company are professionals of considerable standing from very senior levels and all of them have substantial background in various disciplines like power industry, coal industry, insurance and project finance. They actively participate in the deliberations of the board and attend board meetings regularly. Nominee directors function independently of their respective financial institutions. They are professionals of high standing and actively participate in the deliberations of the board.

- The company has been among the first to appoint Audit Committee way back in May 1986, and has appointed a Compensation Committee of Directors.
- The accounts of the company are governed by various statutory enactments and are drawn in accordance with the generally accepted accounting standards.
- The company makes regular and timely disclosures of all material developments. The management also reports to financial institutions on major developments as required under loan covenants.
- The company regularly holds board meetings and at least one such meeting is held every month for which the agenda papers are normally circulated about a week in advance.
- The company continues to endeavour to adopt and follow the best practices of governance keeping in view the long-term interest of all stakeholders.
- The company has 5 committees known as: Audit Committee, Investment Committee, Share Committee, Compensation Committee, and Environment Committee.

CONCLUDING OBSERVATIONS

Global governance with a human face requires shared values, standards and attitudes. In all the organizations, either in public sector or private sector, corporate governance is the need of the hour. The corporate success depends upon the effective implementation of corporate governance practices. The board of directors of an organization has to overview the performance and accuracy of the company. When Enron Corporation collapsed, board of directors of the company were rightly singled out. The CEOs, therefore, have to take the lead in implementing corporate governance practices with vision and wisdom. They have to predict future changes and challenges. The main goal of the corporations should be to enhance shareholders' value. With increasing degree of transparency, the shareholders' involvement in all the strategic decisions is urgently needed. The role

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of government and public administrators is also significant in maintaining the culture of values, ethics and transparency with caution and commitment. If the top management employees, government officials and policymakers are transparent and accountable, the Indian organizations would certainly show a lot of progress and enhance the value of the shareholders as well as the image of the nation.

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17

Corporate Governance Framework: Issues and Challenges

— Uma Medury

The achievement of key governance challenges encompassing the structural, human, social, political and environmental aspects of the growth process, forms a crucial part of every country's development programme in the present context. Developing and strengthening an institutional structure or framework of good governance underpinning every activity in order to give impetus to growth is on the agenda of all political systems. Investing in the capacity for better governance is considered a top priority for enhanced holistic performance. The present liberalization, privatization, globalization (LPG) wave has ushered in a shift in the economic scenario from a totally controlled regime to a system of decontrol. The global competition is trying to provide an impetus to industrial growth, and diversification and modernization of enterprises. This type of sudden exposure is exerting pressure on enterprises, public as well as private, to examine their systems of governance, adjust their business strategies, enhance their competitive edge, improve the quality of decision-making and develop better governance framework to cope with emerging challenges.

We are witnessing a governance revolution of sorts, which is assuming a global proportion. People's faith in the governance of enterprises is diminishing, especially with regard to the issues related with leadership, disclosure of information and fulfillment of commitments to investors. Corporate misconduct is posing a grave concern. Corporate governance is also assuming a serious intellectual discourse, orienting towards the structure, composition, and practices of governance of enterprises. This is ushering in several structural changes, as the present scenario is proving to be a test of survival for enterprises, both public as well as private. The impact of globalization

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on them is also tremendous. The opening of economies to international competition, by the removal of barriers in terms of capital, trade and technology is generating new pressures. The major concern of enterprises centre around improving the governance structure, mechanisms and processes in consonance with their enhanced responsibilities. The Enron collapse has raised significant questions on the efficacy of governance system, transparency, and accountability of enterprises. It has exposed the vulnerabilities of large companies in the USA to serious frauds and manipulations. This has added a new dimension to corporate governance.

The management of enterprises, public as well as private, that entails formulating goals and laying down suitable strategies to achieve them has always been an important aspect of administration. But of late, this task has gained a wider connotation and has come to connote governance. This along with the routine managerial tasks, focuses on the practice of certain key values such as accountability, transparency, effectiveness, responsiveness, participation, adherence to ethical values and so on. These, when applied to business enterprises, have come to be referred to as corporate governance. Corporate governance, which came into prominence in the latter part of 1980s aims to balance the promotion of enterprise with greater accountability. It is being realized that the responsibility of any enterprise does not end with the discharging of its core functions. It extends to adherence of laws and regulations; and maximizing the value of its various stakeholders as well as the society at large. Public concerns are being raised about the long-term sustainability of enterprises, their ability to maintain public trust, attract work force and adapt to the changing globalization scenario. A consensus is emerging globally that a governance framework for enterprises needs to be formulated, which could steer them towards effectiveness, efficiency and excellence.

This chapter attempts to provide a conceptual and evolutionary perspective of corporate governance. A global view of patterns of corporate governance, which primarily focus on three models—American, German and Japanese is presented. Corporate governance framework in any country has certain distinct processes, the effectiveness of which requires fostering certain key concerns such as leadership, accountability and appraisal. The chapter briefly highlights these concerns. Certain basic issues that need to be taken into cognizance while implementing corporate governance reforms have also been brought out.

CORPORATE GOVERNANCE: A CONCEPTUAL VIEW

Good governance goes beyond common sense. It is a key part of the contract that underpins economic growth in a market economy and

public faith in that system (Witherell, 2002). A governance structure is a set of organizational management systems for a corporation's normal operation as an independent legal body (Heiting, 1996). The governance structure of any enterprise comprises the owners, shareholders and the board of directors. While in the corporate sector, there is a clear-cut separation of ownership and control roles, in the public or state-owned enterprises, both the activities fall under the domain of the government, which is the majority shareholder. It is a fallacy to assume that corporate governance is important or holds good especially for private sector, as it contributes towards enhancing the image and profitability of the enterprise. It is also essential for balanced growth and sustenance of any enterprise.

The standing of an enterprise in the market, and the way it is governed assumes importance for all stakeholders. Corporate governance is the core of the market system of competitive enterprise. Until recently, the concept of corporate governance used to mainly refer to the more technical issues of how organizations were set up and how they managed their governing boards and related committees. Now, as a result of closer public scrutiny of the private sector, corporate governance is usually being extended to encompass the ways in which organizations deal with shareholder and stakeholder interests in the decision-making process (Edwards, 2002).

Corporate governance encompasses a set of procedures, systems and processes for the effective governance of the enterprise accountable to all shareholders. The internal mechanisms for corporate governance comprise shareholders, boards of directors, managers, and various stakeholders. The external framework constitutes effective regulatory mechanisms, financial institutions and other competitors. The concept of corporate governance is quite wide, which includes various issues relating to the internal organization, power structure, and inter-relationships amongst the various stakeholders of the enterprise.

Corporate governance needs to be distinguished from corporate management. The latter is primarily concerned with strategic decisions to realize the enterprise's objectives. Governance is wider in nature and focuses more on supervision, monitoring and evaluation to ensure that appropriate management is effected. Governance has two basic components: performance and accountability. The performance of the enterprise both in qualitative and quantitative terms becomes necessary, as the stakeholders expect enhanced value for their investment in the enterprise. Accountability calls for transparency, good system of internal control and monitoring of the activities of the enterprise. Good governance incorporating the principles of transparency and accountability into the management structure, enhances the credibility of the enterprise in the market. Certain core principles such as fairness, accountability, responsibility and transparency guide

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the corporate governance framework. It includes the policies and procedures adopted by a company in achieving its objectives in relation to its shareholders, employees, customers and suppliers, regulatory authorities and community at large. In a normative sense, it prescribes a code of corporate conduct in relation to all, the stakeholders, external and internal (Rangarajan, 1997).

The management model in enterprises all along has been one in which the top echelons have been responsible for decision-making. The involvement of other stakeholders in this process has been negligible. Now, a change in scenario is visible with boards of management, shareholders, other stakeholders like customers, financial institutions, suppliers cooperating in the task of decision-making. The emphasis, presently, is being laid on corporate democracy seeking the involvement of three critical players, boards of directors, management and stakeholders. A board, needs the help of the management to arrive at the best possible decisions, while the key stakeholders should be able to provide feedback to the board on the company's policies and decisions.

CORPORATE GOVERNANCE: EVOLUTIONARY PERSPECTIVE

Crisis in administration has always been a stimulant for reforms. Corporate governance reforms earlier also were prompted by company failures in the UK and USA. Each crisis or major corporate failure; often resulting from incompetence, fraud and abuse has been met by new elements of an improved system of corporate governance. Through this process of continuous change, industrial countries have established in the government and the private sector, a complex mosaic of laws, regulations and institutions for enhancing implementation capacity. The objective is not to shackle corporations but rather to balance the promotion of enterprise with greater accountability. The systematic enforcement of laws and regulations has created a culture of compliance that has shaped business culture and the management ethos of firms, spurring them to improve as a means of attracting human and financial resources on the best possible terms (Iskander and Chamlou, 2002).

Corporate governance has assumed importance for private as well as government owned enterprises. Prior to 1990s, especially in developing countries like India, corporate governance functioned more in an administrative framework. The functioning of private enterprises was subject to suspicion and mistrust. A closed economy, a sheltered market, limited needs and access to global business/trade, lack of competitive spirit, a regulatory framework that enjoined mere observance of rules and regulations rather than realization of broader corporate objectives had marked the contours of corporate governance

for well over 40 years (*The Hindu*, 1997). The change in the scenario in India can be seen in assigning a key role to corporate governance. Growing government disinvestments and increasing thrust on privatization, in the changed role as the custodian of economy, trade, business and industry demanded greater responsibility in promoting private investment and the investor's confidence. The role of the state as the investor has been fast diminishing and it is now only a facilitator and formulator of policies (Upadhyay and Singh, 2002).

The genesis for the emphasis on corporate governance dates back to the Committee on Financial Aspects of Corporate Governance in UK, headed by Sir Adrian Cadbury, set up by the Financial Reporting Council of the London Stock Exchange. It was the first group to draft a corporate governance code. The Cadbury Committee defined corporate governance as the system by which companies are directed and controlled. The board of directors is responsible for the governance of the companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place (Kumar, 2002). The Committee elucidated the finer aspects of corporate governance and recommended that all major investment/disinvestment proposals, changes in financial and marketing structure, important appointments, etc. should be under the board's domain. Its recommendations include: (i) Separation of positions of chairperson and chief executive, (ii) Appointment of independent non-executive directors on the board, (iii) Constitution of audit committee consisting of at least three non-executive directors, (iv) Provision for a nomination committee to make board appointments, (v) Pay of executive directors to be subject to the recommendations of the executive committee, and (vi) Non-executive directors on the board should not be related to those in management (Prahlada Rao, 1997).

In 1994, a similar attempt at improving the area of corporate governance in South Africa led to a Committee been set up by the Institute of Directors headed by Meriyn King. It recommended that: (i) The boards should be balanced between executive and non-executive directors, (ii) Roles of chairperson and chief executive officer should be split, and in the absence of a split, there should be at least two non-executive directors, (iii) Director's report should incorporate statements on their responsibilities, (iv) Shareholders should properly use the meeting by asking questions on the accounts for which forms should be provided in the annual reports, and (v) Corporates should have an effective internal audit function and establish an audit committee with written terms of reference from the board (*ibid.*).

In India, the interest that was evinced in instituting corporate governance framework has gathered momentum since 1991 with the Structural Adjustment and Stabilization Programme (SA & SP). In

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the light of privatization moves, ineffective functioning of certain private enterprises and their lack of concern and accountability towards small investors, has brought to fore the need to institute a clear corporate governance framework. The increasing interest in corporate governance is primarily a product of four factors. *First*, the assertion of rights by the shareholders. *Second*, the significant presence of foreign institutional investors who are demanding greater professionalism in the management of Indian corporates. *Third*, there is awareness on the part of lending institutions, which are now being subjected to rigorous accounting norms, particularly with regard to income recognition and provisions against non-performing loans due to which they are giving much more emphasis to good and efficient corporate governance. *Fourth*, there is the integration of India with the world economy, which demands that Indian industry should play the game by a standard set of international rules, rather than continue their anachronistic practices (Shah, 1997). The Confederation of Indian Industry (CII), in 1997 brought out the Code of Desirable Corporate Governance, which is considered to be the first of its kind on corporate governance. It outlined a code, the provisions of which include several suggestions to improve the performance of board of directors, a greater role for non-executive directors and audit committee.

The Disinvestment Commission in its Report on Corporate Governance and Autonomy noted that a majority of investors attach considerable importance to the quality of corporate governance in a company and are even willing to pay a premium for better managed companies. It favoured professionalizing the boards of management by involving experts and professionals as non-executive directors in the boards. The Commission felt that the government would need to recognize the role of the legitimate institutions of corporate governance such as the boards and the general body meetings of the shareholders. Hence, there should be a provision for electing directors who would represent the shareholders in minority in the undertaking. The election of employee representatives on the boards should be introduced in proportion to the extent of employee shareholding (Disinvestment Commission, 1997). In 1998–99, the Securities and Exchange Board of India (SEBI) constituted a committee to suggest a code of corporate governance headed by Kumaramangalam Birla. The report was approved in 2000 and all listed companies are now expected to implement the provisions. It laid down the objective of corporate governance as the enhancement of long-term shareholder value while protecting the interests of other stakeholders.

This underscores a widespread public and hence political interest in reinforcing corporate governance practices. Such concerns become even more pertinent in an international context where full benefits of free capital flows will be realized only if there is a mutual understanding on the basic elements of good corporate governance. These are the concerns that triggered and nurtured the discussions on corporate governance in the Organization for Economic Cooperation and Development (OECD) countries in 1998 leading to the development of 'OECD Principles of Corporate Governance'. These principles that have received the OECD ministerial backing, form the basis of a true global standard in corporate governance. Recognizing the fact that there cannot be any single model of good corporate governance, these principles serve as guidelines for raising the standards of corporate governance:

The Rights of Shareholders: This envisages the shareholders exercising their rights to receive relevant information about the enterprise, participate in decisions affecting the enterprise and have a share in the profits of the enterprise.

Equitable Treatment of Shareholders: This implies equal treatment to be meted out to shareholders of the same category. The board members and managers need to disclose any material interest they have in any transaction of the enterprises.

Role of Stakeholders in Corporate Governance: The corporate governance framework needs to recognize the legal rights of the stakeholders and encourage active cooperation in decision-making leading to effective performance of the enterprise.

Disclosure and Transparency: This is a key principle of corporate governance framework, which calls for suitable provisions for disclosure of information about the enterprise, which includes information on governance structure, constitution of committees, boards of directors, and their remuneration.

The Responsibilities of the Board of Directors: The board of directors is a key instrument of the corporate governance and their accountability to the enterprise and shareholders is essential. The governance framework needs to specify the responsibilities of the board in providing strategic direction to the enterprise, and ensuring monitoring and accountability to the stakeholders.

These principles are based upon the experiences from national initiatives in member countries, and the OECD Business Sector Advisory Group on Corporate Governance. Since there cannot be a single model of good corporate governance, these principles enable governments to evaluate and improve the existing legal, institutional and regulatory framework for corporate governance in their respective countries. OECD considers corporate governance as one that specifies the distribution of rights and responsibilities among different participants in the corporation such as the board members, managers, shareholders and other stakeholders, and spells out the rules and

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procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance are determined.

The basic aim of all these global efforts is to professionalize the management of enterprise, enhance board performance through inclusion of professional independent directors, provide for adequate disclosures to the shareholders and adherence to ethical practices. Effective corporate governance reduces risk, stimulates performance, improves access to capital markets, enhances the marketability of goods and services, improves leadership, and demonstrates transparency and social accountability. An effective corporate governance framework is needed to facilitate the enterprise to:

- Strive towards efficient use of resources, which in turn promotes economic development.
- Ensure compliance of the needed regulatory requirements, laws and regulations.
- Create confidence among the stakeholders.
- Promote shareholder activism. The investor has a key role in the present governance system. The faith and trust of the investor can be secured through information dissemination, participation and transparency in activities of enterprise; and
- Establish board of management's accountability to the enterprise, stakeholders and society at large.

PATTERNS OF CORPORATE GOVERNANCE: A GLOBAL VIEW

A global perspective of the governance structure of the enterprises brings forth three distinct models. These are: (a) American, (b) German, and (c) Japanese. The key participants in all the three models comprise the shareholders, board of directors and managers.

American Model: This is generally referred to as an 'outsider' control model. The shareholders exercise their prerogative of electing the directors. Though the shareholders are assigned a supreme position in their powers to appoint and dismiss the directors, being numerous, they do not exercise direct control on the management of the enterprise. It is the board of directors, which carries out the corporate operations through the various committees and chief executive officer (CEO). The board exercises monitoring and supervisory role over the management. Under such a governance structure, board activism is assuming increasing proportion where a board monitors and controls the conduct of the management. In fact, it is not rare for a board of directors to dismiss a CEO for a poor performance on the basis of assessment of management operations, as

it happened in major American companies like the General Motors, IBM, Kodak, etc. where their CEOs were dismissed during 1992–93. Also the Apple Computer did the same in 1996–97 (Masami, 2000).

German Model: This model differs in certain distinct features from the American structure. This governance framework has a general committee and a board of directors. The monitoring role is exercised by the auditor's committee and the board of directors is entrusted with the operational functions. The German governance structure is based on the distinct separation of functions of supervision and management. An important role is assigned to the auditors' committee, which has representatives of stockholders and labour.

Japanese Model: The Japanese corporate governance is a characteristically internal-oriented closed-loop structure with high presence of corporate/institutional stockholders and declining power of the main banks and labour unions (Masami, *op. cit.*). The board of directors is responsible for operational and management activities. The board is generally considered to be an extension of management, which is not exercising its function of timely monitoring of activities. The corporate governance in Japan is said to represent the interests of companies and employees rather than shareholders.

These internal and external features have come together in different ways to create a range of corporate governance systems that reflect specific market structures, legal systems, traditions, regulations, and cultural and societal values. The system may vary with country and sector and even within the same corporation over time, but they affect the agility, efficiency and profitability of all corporations, private, publicly held and state-owned (Sullivan, 2002). There cannot be any one model of corporate governance that suits any country. Corporate governance system in each country has its own different characteristics depending on historical and cultural conditions. Therefore, it is neither possible nor advisable to simply adopt a system (*ibid.*). Any framework of governance needs to take the local realities and challenges into purview. Irrespective of certain variations in the framework, a corporate governance framework tends to encompass certain key components:

- Shareholders elect directors who represent them.
- Directors vote on key matters and adopt the majority decisions.
- Decisions are made in a transparent manner so that shareholders and others can hold directors accountable.
- The company adopts accounting standards to generate the information necessary for directors, investors and other stakeholders to make decisions.
- The company's policies and practices adhere to applicable national, state and local laws.

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CORPORATE GOVERNANCE: KEY CONCERNS

A corporate governance framework to be effective needs to focus on certain key processes which include:

- Constitution of a board comprising potential directors representing different stakeholders to provide the necessary leadership to the enterprise;
- Empowering the board with clear-cut functions and requisite autonomy;
- Ensuring transparency of activities and accountability; and
- Formulating appropriate criteria and processes for appraisal of board performance.

To ensure the effective implementation of corporate governance framework, certain key concerns need to be given due emphasis. The central concerns of corporate governance framework include: Leadership, Accountability, Boardroom Appraisal, Developing the Boards, and Code of Ethics.

Leadership

Leadership is a vital component of corporate governance framework. The higher levels of management are expected to provide strategic direction to the enterprise instead of concentrating on routine managerial tasks. Vision-led boards are the need of the hour. Governance requires top echelons to demonstrate the requisite leadership that can balance the entrepreneurial enthusiasm, technology influx, needs of the market within the prevalent systems and changing values. This encompasses providing direction to the enterprise, designing strategies of innovation, organization restructuring/redesigning, strategic management, stakeholder management, evaluation, and monitoring of performance.

A visionary leadership, enables an enterprise to absorb the shifts and advances in market and technology and forge a growing set of strategic alliances and partnerships. The challenges facing the leaders include:

- Leading organizations in an environment of dwindling resources and increased demand for quality service, sustainable development and retention of skills for organizational continuity;
- Cultivating a performance management culture with emphasis on results;
- Upholding good governance despite a hostile and ever-changing environment;
- Instituting effective staff retention strategies amid a change fatigue syndrome; and

- Keeping pace with advances in information technology and work force renewal (Stacey, 1996).

Accountability

Broadly speaking, corporate governance is considered to be an effective instrument of accountability of an enterprise to the society. The basis of good corporate governance rests on the trust and confidence between the enterprise and other stakeholders. Accountability is a key requirement that assigns significance to responsibility for carrying out laid down mandates, which is important in situations involving public trust. This can be ensured through increased transparency in decision-making, improved quality of disclosure of information, periodic monitoring through audit, sound system of financial reporting and review. Mere dissemination of information does not ensure accountability. Transparency and free flow of information to the stakeholders are needed.

In the USA, presently, there is a shift in perspective from shareholder to stakeholder accountability. The thinking is that the board decisions and actions need to be judged on the criteria that go beyond financial performance to include impact on human capital and communities. Magna International, a large Canadian manufacturing firm has adopted a corporate constitution that 'protects and promotes the interests of all its stakeholders' specifying, for example, the profits that will go to taxes and reinvestment (55%), shareholder dividends (20%), employee equity and profit sharing (10%), management profit participation (6%), research and development (7%), and social responsibility (2%). This has been an innovative stakeholder Constitution (Lawler, *et al.*, 2002).

Proper disclosure of information relating to performance of enterprise to the stakeholders is one of the key facets of fostering accountability. With the release of its 2002 Sustainable Reporting Guidelines, the Global Reporting Initiative (GRI) provides a flexible mechanism for such enhanced reporting, offering a detailed methodology for performance disclosure. Companies that use the guidelines will report on a broad array of issues, including corporate governance, financial flows from the company to the community where it operates, including taxes, payments, salaries, etc., materials and energy use; and carbon emission and biodiversity. The reports also cover labour practices and human rights, bribery and corruption policies (White, 2002).

Boardroom Appraisal

This is one of the key concerns of corporate governance. It relates to assessing how far and how effectively the board has carried out its functions and also to ensure that the structure and practice of

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governance is in the best interests of the enterprise and its various stakeholders. The premise of effective corporate governance commences with questioning the effectiveness of the institution of the board of directors (Mishra, 1998). It enables the board as a whole and the directors individually to reflect upon their actions. Boardroom appraisal facilitates learning from the past to be able to do better in the future. Boardroom self-evaluation schemes under which the competence of the directors is reviewed annually by fellow board members are making rapid headway in the USA. The Washington D.C. based National Association of Corporate Directors sets out five elements for discussion: personal characteristics, core competencies, independence, level of commitment; and team and company consideration. A convention is developing where directors are clearly told that re-nomination is not automatic and that a poor evaluation will lead to a request for resignation (Ghosh, 2000).

Developing the Boards

Sound governance requires acceptable best boards of management, which are a source of leadership and strength to the enterprise. The complexities in the functions of the directors of the board are leading to the issue of 'development of board members' for better board membership. It is being emphasized that the directors should possess the relevant industry, company, functional area and governance expertise. The directors should reflect a mix of backgrounds and perspective. All directors should receive detailed orientation and continuing education to assure that they achieve and maintain the necessary level of expertise (Corporate Governance Centre, 2002). In the UK, and the USA, professional associations are taking a lead in laying down guidelines for directors on good boardroom practice.

Peter Chapman, senior Vice President and Chief Counsel for Corporate Governance of Pension and Financial Services Provider in the US commented on the major areas that are in the need of reform. Education of directors is one of the areas. Not all individuals are qualified to be directors in today's market place simply because they are asked to serve. In certain companies, recently, the Audit committees' directors had to meet the standards of financial literacy—literally, that is the ability to understand a financial statement. Compensation committee directors often do not take a proactive role on behalf of the company because they lack an understanding of issues and do not hire independent consultants when needed.

Code of Ethics

Ethics is the positive as well as the soft side of ensuring high standards in the process of corporate governance. Whereas good controls and systems are necessary for good governance, they are not

sufficient enough. Sufficiency arises only when sensitivity to ethics is institutionalized and imbibed into the organizational culture (Reddy, 1998). Governance aims to make the enterprise accountable to various stakeholders with concern for ethics and values. The Cadbury Committee in the UK has been instrumental in evolving a code of ethics known as the 'Code of Best Practice' to achieve standards of corporate behaviour. The code is based on principles of openness, integrity and accountability. This code in Britain is directed to the listed companies, which are expected to state whether they are complying with the code and give reasons for non-compliance. This aims at enabling the shareholders to gauge where the companies, in which they have invested, stand with respect to the code.

Intellectual and financial integrity are considered to be the key factors for bringing professionalism in corporate governance. Evolving a code of ethics and adherence to it signifies the beginning of the process of cleansing of an enterprise. Corporate governance is not merely about enacting legislation. It is about establishing a climate of trust and confidence through oversight. Ethical business behaviour and fairness cannot be simply legislated into being. Strengthening corporate governance is fundamentally a political process in which the government and the private sector have to join hands (Iskander, 2002). There is a need for evolving a multifaceted, and multipronged strategy for implementation of corporate governance framework.

IMPLEMENTATION OF CORPORATE GOVERNANCE REFORMS: SOME ISSUES

Any country, while developing and implementing corporate governance framework, needs to first assess its strengths and weaknesses, create and strengthen necessary laws and institutions; and properly sequence the reforms. Some of the basic issues that need to be taken into view include:

- Developing competitive markets through measures such as appropriate competitive legislation, promoting foreign direct investments subject to suitable restrictions, and evolving norms for fair trade practices.
- Strengthening the judicial, legal, regulatory institutions for effective enforcement of laws.
- Establishing suitable mechanism for ensuring transparency of operations of enterprises through appropriate disclosure of financial and non-financial operations.
- Building human capacities and capabilities to discharge the tasks of governance.
- Lessening resistance to reforms, especially disclosure of information through dialogue and networking between the enterprise and all concerned stakeholders.

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A suitable combination of regulatory and voluntary actions can foster the implementation of corporate governance reforms. This calls for appropriate action on the part of the government, private sector, media and community as such. It needs constant interaction and exchange of information. For instance, in the USA, the Business Week recently did an indepth analysis of several enterprises from the perspective of effectiveness of the board. They listed the best and the worst boards as well as the boards that showed maximum improvement and those that needed to work (*Business Week*, Oct. 2002).

The World Bank is also fostering efforts to broaden the debate on corporate governance beyond the OECD countries to include the developing and transition economies. It calls for a participatory process involving all the major stakeholders in the design and implementation of a comprehensive reform strategy. The World Bank and OECD intend to sponsor the Global Corporate Governance Forum, which will mobilize local and international public and private sector expertise and resources, to help countries develop their own programmes and institutions.

Contemporary crisis-ridden scenario throws up challenges and offers opportunities for governments and the private sector to change the behaviour and the rules of the game. While reforms are most often initiated in the wake of a crisis, they should not be viewed in the context of a short-term anti-crisis package. The concept of corporate governance will take a concerted effort in building consensus and sharing experience, expertise, and resources among all players. Above all, the private sector must see that implementing reforms is in its own best interest. Likewise, reform of the public sector is central to an active partnership. Because reforms are likely to yield results only over the medium to long-run, sustainability and comprehensiveness in design, and staying in power during implementation are critical (Iskander, *op. cit.*). But while details and principles may be strengthened on paper, they will serve little purpose without a political commitment to abide by them. The aim is to reinforce the contracts of trust that drive our market democracies. The governments as custodians must take a lead in ensuring that these contracts are not only understood, but honoured too (Witherell, 2002). The erstwhile command and control culture must give place to a culture of adherence, compliance and enforcement.

The credibility and trustworthiness of an enterprise—public or private, is assuming importance in the changing economic scenario. Issues like effective and transparent decision-making, disclosure of information, participation of key stakeholders, innovation, entrepreneurship, adherence to social obligations, and regulatory norms are gaining supremacy. The responsibility of instituting an appropriate governance framework within a market economy vests only with the government. Hence, strong political will is needed for reforms. In India, we have not developed a typical framework of corporate governance as in the West. Efforts need to be made to develop an appropriate model, which keeps the steering function of governance at arms length from the management function, ensures professionalization, strives towards enhancing the shareholder's value; and promotes healthy development of an enterprise, be it public or private. In India, some progress in this direction has been made, but many more earnest efforts to achieve these objectives are urgently needed.

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18

Ethics of Corporate Governanace: Some Lessons for the Government

— Ramesh K. Arora
— Tanjul Saxena

The discontinuities and maladies of an inward looking, under-performing and borrowed-model-based Indian economy have never been as pronounced as they are today. The relentless jolts of irrevocable changes brought about by the phenomenon of globalization and its corollaries such as increased awareness, escalating demands, enhanced expectations, augmented competition, proliferating opportunities and recession-struck-benchmarked economies have compelled the government to introspect, though reactively, on their own systems, administration and performance. Little wonder, there is a renewed interest in and emphasis on the issues of accountability, transparency, fairness, integrity, objectivity, service orientation and social responsibility of public officers. The contemporary series of corporate disasters of private sector, especially of big business giants have caused the emergence of 'Corporate Governance' as a panacea and an inevitable positive philosophy of responsible management (Shroff, 2003).

The timely wakefulness and responsiveness of the private sector crystallized the new found wisdom as business commandments and documented the governance codes. The prescriptions of need-specific broad principles recommended in the reports of various committees such as the Cadbury Committee, the Greenbury Committee and the SEBI Committee[1], which have become the guiding rules for organizations by instilling conscience and by assuming the role of a trusteeship with all the attendant checks and balancing directives,

1. The Reports of these Committees are available on interest. For a summary of the SEBI Committee, see: Arora and Saxena, *Ethics and Acountability in Government Business*: 230–233.

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leading to the observance of a self-imposed ethical, moral and value-oriented code of conduct by businesspersons, can certainly provide lessons for the government to enable it to set things right proactively.

Good governance and corporate governance have a close reciprocal relationship (Shroff and Shourie, 2002). It is an important responsibility of the state to ensure that a climate of ethical management is nurtured in the government as well as in the private enterprises. An effective regulatory mechanism monitored by honest political and administrative leadership can help in creating an environment of transparent and accountable administration.

THE SUGGESTIVE LAUNCH PAD

The custodians of public office have a long, almost lifetime honeymoon with the powers they are endowed with, for serving the state. The democratic adage 'of the people, by the people, for the people' has been lived and practiced while ascribing self-serving definitions to the word 'people' re-interpreted depending on convenience and discretion to be people of a family, clan, and sometimes to be a step further, community or those who could afford to gratify the public office materially or otherwise. The misuse of official powers has been made more complete by deliberately and intently harming the common person's interest so that he is compelled to seek the services of the public officer.

Public accountability and transparency have been adhered to 'at a cost'. Social responsibility is confined to narrow social groups; and ethics and morals are preached but rarely practiced. Once in a blue moon, even if a case against moral degradation or public loss because of ethical infirmity of a public office bearer, does get reported and comes under the clutches of law, our courts take too long to pronounce a verdict and punish the offender in his lifetime. If the culprit is so unfortunate to last till the decision date, the 'soft approach' of the state and judiciary fails to set deterrent examples of justice. The principles of natural justice are stretched a bit too far and that too, more for setting culprits free than for saving innocent victims.

It has been observed, 'For forms of government, let fools contest; whichever is best administered is the best.' Whether in the charter, strategy or implementation, what model of corporate governance is adopted, does not matter, what matters, at the end of the day is, imbibing the spirit of corporate governance by creating self-driven, self-assessed and self-regulated public administration systems; and breeding servers of public office who have internalized principles of morality, ethical wisdom and value-based service acumen. It is equivalent to creating public offices with a culture of conscience and consciousness, transparency and openness and concurrently developing a complete genre of outperforming administrators with

lofty standards of human conduct and strong immunity against temptations due to the limitations of the 'embraced' or 'clasped' form of administration.

In democracy for instance, accountability is closely associated with the notions of empowerment, participation and control of authority by the people. Thus, negatively, accountability aims at preventing the abuse of authority, while positively, it seeks to ensure the satisfaction of people's demands and aspirations. Administratively, the concept of accountability is related to the rule of law, transparency, administrative sensitivity, performance and a perspective policy process. Administrative accountability has to function within the context of parliamentary, ministerial, judicial, and popular accountability. The central spot of concern will remain 'performance' in consonance with the accepted and expected standards. Meeting high performance standards alone will lead to good governance, which in turn would safeguard the credibility and stability of a democratic system. In such complex, multifarious institutional dynamics, synthesizing the components of personal integrity; institutional values, social responsiveness and cultural authenticity is the most critical challenge before contemporary administrators and leaders.

The time has come when the central concerns of ethics and accountability should find acceptability and credence in all institutions designed to serve public good. On the one hand, the emphasis should be on having the right software of human beings with a pledge to and an undeterring will to effect a cleaner political system, honest administration, social order based on justice, a sense of social responsibility, a *rajdharma*-orientation, relentless pursuit of service motive; and a shift from predominant stress on the knowledge component in entrance exams to judging the attitudes and values of potential candidates for the public office[2]. On the other hand, in order to achieve complementing, compatible and supporting hardware, we need to concentrate on structural reforms that will include rational supervision, effective controls and a systematic scheme for monitoring.

THE ROADMAP

A plethora of suggestions, some pragmatic others idealistic, some analytical others hypothetical, some synthesized others fragmented, are put forward by thinkers, philosophers and practitioners of public administration. A few of these are still in closed books and files, while a few are being considered, and still fewer implemented. There can be no paucity of concepts, systems, rules and guidelines to reforming structures of public institutions. Many a committee formed in India and abroad to look into nuances of corporate governance and good

2. Civil services can learn a great deal from the defence services in matters of selection of its members.

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governance have brought about comprehensive structural reform guidelines, which could be embraced with little or no modifications.

Nonetheless, there is most certainly a feeling of helplessness when it comes to chartering the conduct of people qualifying the litmus tests of ethics and morals. Even though no amount of inscriptions, charters, and code of conduct can emit sufficient light to guide all persons, groups and institutions on the principles of morality, ethical checklists like those suggested by Norman Vincet Peale and Kenneth H. Blanchard (1988) may offer a good blue print for the ethical odyssey. The Nolan Committee Report[3] on standards in public life in the United Kingdom has put forth recommendations that are pertinent to the principles of public life, which could be used to develop such checklists for the software aspect of good governance. These are:

- *Principle of Selflessness*: Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.
- *Integrity*: Holders of public life should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.
- *Objectivity*: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- *Accountability*: Holders of public life should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- *Honesty*: Holders of public life have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- *Leadership*: Holders of public life should promote and support these principles by way of leadership and examples.

While these may give an impression of a wish list, looking toward the present ground realities like a parallel black economy, all pervasive corruption mutilating the finer features of democracy, the hedonistic culture cannibalizing the *dharma* culture, debasement of courage of

3. For the contents of the Nolan Committee, see: *Indian Journal of Public Administration*, July–Sept., 1995.

convictions and all encompassing 'demonstration effect' to emulate the materially blessed at any cost, every effort should be made to broadly incorporate all of these recommendations in the charter of good governance. Basic human values like righteousness, sensitivity, commitment, fairness, justice, responsibility, altruism, empathy and compassion are the only means to the singular end of good governance.

LESSONS FOR THE GOVERNMENT

The whole philosophy of corporate governance underscores the dictum of 'as at the top so at the bottom', advocating commitment of the top executives to secure the true spirit in the practice of the concept. Indisputably, the same is also relevant and true for good governance. However, the dynamics of public institutions being very different from the mechanism of private sector set-ups, these cannot be adopted in totality by the government. The moral premises of democracy takes the form of a multi-tier and multi-level accountability: accountability of rulers to the electorate, rationalization of the people in the choice of leaders, responsibility of the press and the media, the role of the judiciary and justification of its adopted approach, assessing the performance of public institutions on the barometer of customer delight and so on.

In such complex state of affairs, where every individual has his sense of right and wrong, entrusting responsibility of ethical issues to a chosen few will be irrational. Even the very basic questions on a subject like ethics in public institutions such as: 'What favours received by a public servant should be considered as corruption and what should be treated as courtesy?' 'Would ethical norms apply to public servants beyond office hours?' 'What to do when individual perceptions of right or wrong differ from institutional values or organizational duties?' 'What should be done if personal integrity appears to be out of place in the given work environment?' etc. (Dwivedi, 1978), will not be unanimously answered if left to a few leaders. The custodianship has to come from the leader within each individual, with 'enlightened self-image and interest' having need-levels stretched beyond self-actualization to knowledge and spiritual values of greater common good and of social responsibilities.

The stage is set, for the government to adopt a good governance strategy based on the recommendations of various committees, for a concerted push from the law makers, the policy drafters, the investing community and the society as well as people in general. Even the best managed profit showing Public Sector Undertakings (PSUs) need to realign their priorities in tandem with the good governance codes. Unless ethics is considered as essential as economics, fair play as fundamental as financial results, morals as imperative as market

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share and social responsibility as significant as systems, the performing units will lose credibility to the better governed private sector corporations. We can already witness plenty of them making inroads from the wide-opened gates of globalized economy.

It will not be an exaggeration to term the transition from traditional to contemporary governance practices as 'traumatic'. More so for the government and public institutions, which are always criticized, treated derogatively (compared to the blue eyed private sector companies); and stereotyped as 'overstaffed', 'non-performing', 'potential-less', 'bureaucratic' and 'doomed to wreck'. The journey will not be a one flight from neutral to positive as in many well-governed corporations, but a rather slow one, from negative to neutral and then to positive image building step by step. It is a proverbial tight-rope walking, striking a balance between freedom of governing and accountability of governance.

CERTAIN ACTION POINTS

The question now is of identifying and selecting a workable method, which blends performance and ethical accountability by means of moral values, principles and practices and which is suitable for all in the government set-ups, starting from the grassroots level to the highest office bearers. Some lessons for the government with proper adaptations are discussed under the respective headings:

Activating Collectivities for Ethical Governance

The governing boards of PSUs, banks and various advisory bodies, cabinet committees and secretaries' committees have to rise to the call of new demands of the uplifted face of a socio-economic order. The inequalities that have risen from the mistakes of the past as well as the careless and taken for granted attitudes of the custodians of public offices need to be corrected and a fresh moral code needs to be carved. The collectivities have to not only set an example of championing the ethical conduct but also change their role from mere rubberstamping to active participation in the dissemination of ethical and moral values. So far, the subject of ethics was the concern of philosophers, sociologists, academicians and anthropologists; but now, the leaders in public institutions have to become the role models, mentors, and practitioners of ethical wisdom.

The constitution of a high-level ethics committee containing executive and non-executive directors, or senior officials and eminent advisors/public persons and experts on moral conduct as well as non-stake social auditors shall prove to be a good mother figure for prevention against moral lapses. On issues with significantly conflicting, but important ethical deviations within the organizational fabric, the

group should deliberate and determine the optimum course of action befitting an overall ethical practice. Cross-functional dilemmas and significant value conflicts can be synergized through mutually effective role appreciation.

Each set up is unique in terms of its vision, mission, products and/or services that it deals in. Each institution has its own moral and ethical structure as well as premises; and demands a specific makeup of the code of conduct. A heterogeneous committee, comprising representatives of all possible functional departments could form, implement, monitor and counsel the ethical stipulations of the unit, which would be pertinent to specific needs of the institutions.

Strengthening Internal Checks and Balances

Special ethics counselling cells or conclaves for guidance, clarifications, confessions, moderations, penitence and facilitation will certainly prove beneficial in promoting good governance. Protection to whistle blowers and encouraging peer pressure for enforcement of moral conduct could also be included in the portfolio of this cell. It is significant to mention in this context that a code of ethics needs to be evolved for political as well as administrative executives at all levels and these should be rigorously implemented with the active assistance of the members of these professional groups.

The best way to handle ethical dilemmas is to avoid their occurrence in the first place. If the precincts and boundaries of work are clear and well-laid down and anything conflicting with the conscience is singularly identified, as not worth doing, there will be lesser rummages with issues. It would be prudent to institutionalize a system of concurrent ethical audit of departmental affairs under the guidance of the chief executive.

Pattern of Behaviour Reflecting Ethical Standards

Sharing of stories, incidents, anecdotes, tales, etc. of successfully coming out of the ethical dilemmas or conflict situations; and highlighting principle anchoring in apparently constraining situations can help build the desired culture and environment for good governance. Incorporating ethical and moral behaviour as mere rules may not prove very effective. Much of the culture is imbibed informally and through lighter notes.

During the initial phase of building moral precincts, teething problems are inevitable. To help employees emerge completely sane out of the moral maze and follow the newly established ethical conduct, sufficient cushions must be provided for. Valuing both efforts and outcome is essential. Trying to operate and making a few mistakes is better than not trying at all. That the most rigorous test

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of the right course is 'to do a thing in private, which even if made public should not embarrass the doer', cannot be denied. It is equally persuasive that greater the public visibility, stronger the morality. Similarly, personal esteem can be nurtured as good defence in favour of ethical conduct.

Integrating Ethics Management with Broader Management Practices

Ethics management, starting from putting down principles in writing must not overlook the pivotal mission that it must be integrated candidly and unflinchingly in all management practices in general. Ethical fitness must become a crucial part of selection, ethical orientation a vital factor of induction; and training in ethics and morals a fundamental aspect of training policy. These features should be practiced to make good governance permeate all levels. Encompassing ethical adherence as one of the dimensions for performance appraisal will certainly be a good motivator to promote ethics. At present, the pithy references to 'integrity' in such appraisals are desirable but inadequate.

Effective External Interventions

Our basic assumption is that the inherent, self-initiated and self-propelling mechanisms for ensuring ethical management in government could prove to be effective goal-oriented instrumentalities. However, experience shows that these intrinsic regulatory devices, despite their vitality, may not be enough. The primary reason for this skepticism is that any institutional control strategy for its success substantially depends on the moral standards and will of the people who actually energize an ethical managerial system. Flaws and foibles at the human level can render such a system inefficacious. It is in order to supplement the internal regulatory system that external control devices would be imperative.

CONCLUDING OBSERVATIONS

Within the framework of good governance, an all-pervasive space for ethical conduct is required. In the maxims of accountability, openness, transparency, freedom of information and effective administrative system, ethics is the inevitable component and an intervening variable. In the Government of India's Action Plan on Effective and Responsive Administrative System, there is clear emphasis on establishing a code of ethics for public service as well as on tackling corruption and cleansing the administration (Gupta and Tiwari, 1998). This naturally implies that good governance would demand an integrated control system that would synthesize intrinsic (self)

regulation and extrinsic control. Some of the suggested mechanisms in this context are:

- Creation of a national multi-headed ombudsman (Lok Pal) with effective punitive powers and granting it a Constitutional status.
- Expanding the network of Central Vigilance Commissioner and state vigilance bodies and granting the CVC a Constitutional status.
- Creating effective sectoral ombudsmen on the Swedish and the British pattern and establishing institutions like Banking Lok Pal in the realms of railways, power, insurance, telecommunication and other associated sectors.
- Revamping the judicial systems and procedures for quicker decisions and disposal. Slow justice is never a threat to fast-track crimes. All judicial cases should be assigned time-limits for disposal.
- Anti-corruption machinery at the state level, should not remain a sole reserve of the police department. Inter-institutional organizations, including the representatives of judicial bodies, should be created for investigation and further processing of cases. Time-limits should be set for such a processing in each type of cases.
- The jurisdiction of CBI should be extended to state-level crimes of corruption. However, the procedures involved in investigation should be streamlined in order to drastically reduce the time consumed in conducting inquiries.
- On the Australian pattern, whistleblowers in the public system should be given Constitutional protection.
- Article 311 of the Constitution should be amended in order to facilitate quick and severe punitive action against civil servants of doubtful integrity.
- 'Freedom' of information should transform itself into 'Right' to information with even common citizens showing assertiveness in demanding and obtaining information on the inner dynamics of governance.

In sum, 'good governance' transcends 'good government'. The latter is an integral part of the former. No governance can be successful unless the people *per se* take upon themselves the responsibility of ensuring that their conduct is regulated rationally, effectively and ethically. Such as all the stakeholders of corporate bodies have an obligation to promote and protect the attributes of corporate governance, it is the stakeholders in public systems who have to safeguard the endowments of good governance.

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19

Impact of e-governance on Public Administration

— Sachin Chowdhry

Public service quality has become a dominant theme of responsive governance and is one of the major challenges the world faces, in the task of preparing governments for the 21st century at every level of society and in the various areas in which state intervention is necessary. The administrative structures have to meet the needs and aspirations of a diverse society, which has a plethora of significant ethnic, linguistic and religious communities, and pressure/interest groups. Administrative reforms, the world over, have been introduced to attune the administration to the new ecology in which these structures operate. There are also suggestions to reduce the role of governments and restrict it to a few core sectors only. A search for alternative delivery systems has always attracted the attention of experts in public administration. Since 1980s, many scholars have been advocating privatization as one such solution. Pragmatists, who are a major force behind privatization, advocate better government in the sense of a more cost-effective one (Savas, 1989).

However, in a welfare state, especially in countries like India, which have to deal with myriad socio-economic problems, the masses that are poor and deprived cannot be left alone to endure their miseries. Even though, it is true that much of the debate about privatization centres around reducing the role of the government in the areas which traditionally belonged to it, the governments cannot really abdicate their responsibilities. This has been accepted all along and the donor agencies are now focussing on 'good governance' and improving the capacities of political and administrative systems. 'Reinventing Government' has been the theme since the 1990s.

Societal issues have become more prominent with the emergence of articulate pressure and interest groups. They not only expect the administrative structures to perform but also to be transparent in

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administrative transactions, so that output is just and equitable. The structural model of welfare state administrative policy accepts that 'efficiency is no longer defined as *following the rules* but as *causing of effects* (Bhattacharya, 1986). Structural changes in the bureaucratic system have to be in consonance with the developmental paradigm. Development in the view of G. Haragopal (1980) implies the effort for the transformation of an unequal, unjust, socio-economic system into a system, which is capable of restoring the dignity and self-respect of every person. Against this backdrop, the promises envisioned by the information technology (IT) revolution need to be thoroughly reviewed. The concept of e-governance could prove to be a boon or a bane for the country depending on how we harness its potential.

THE CONCEPT OF ELECTRONIC GOVERNANCE

Rapid strides made in the field of Information and Communication Technologies (ICT) in the past decade have induced changes in the ways governments function the world over. This information age paradigm shift has redefined the fundamentals and changed the institutions and mechanisms of delivery forever. Knowledge-based society enables in sharing vast amount of information on a global scale almost instantaneously, which consequently helps in selecting, absorbing and adapting relevant technology and services. Apparently, the focus is on the user's needs. Many developed countries have already taken steps to increase the effectiveness of the interface between the citizens and public administration, and to improve the efficiency of the public administration structures.

Developing countries in view of their glaring socio-economic problems can hardly afford to lag behind. In the words of Klaus Schwab of the World Economic Forum, 'We have moved from a world where the big eat the small to a world where the fast eat the slow'. In fact, if harnessed properly, the global explosion of knowledge contains both opportunities and challenges for developing countries. Fortunately, political leadership in almost all the countries is aware that 'ICT is vital for the future growth of the nations'.

The concept of electronic governance popularly called e-governance is derived from this concern. So e-governance is the application of IT to the processes of government functioning to bring Simple, Moral, Accountable, Responsive and Transparent (SMART) governance. According to the Comptroller and Auditor General, UK (2002), e-governance means providing public access, via. the Internet, to information by government departments and their agencies; thereby enabling the public to conduct and conclude transactions for all those services. It lends flexibility at the workplace, speedy and convenient access to public services by the consumers and responsive administrative system.

The White Paper on 'Modernising Government' published in 1999 sets out the UK Government's vision for information age. The Prime Minister of the UK has set a clear target to make all government services to the citizens available online by 2005. Singapore has a compact well-managed system and is known as an *intelligent island* in view of the all pervasive use of IT. The point of emphasis is that transformation of access to government services has to be in a manner that matches the needs of the citizens, and not the convenience of the service providers. Though e-governance vision differs from country to country, state to state, and region to region, as it requires to reflect the needs and aspirations of those countries, states and regions, a certain commonality exists in the expected outcomes, in the form of SMART.

Implementation of e-governance applications brings us to the question of structures of public administration. In most of the developing countries, Weberian model of legal-rational authority with Riggsian features is entrusted to bring about socio-economic changes and face the challenge of 'revolution of rising expectations'. However, these bureaucratic structures have been plagued by characteristics aptly described by Victor Thompson as 'bureau-pathology'. From the days of 'New Public Administration', efforts have been made to find ways to make delivery of public goods effective and efficient to deal with the pathological or dysfunctional aspects of bureaucratic behaviour including slowness, ponderousness, routine and complications of procedures, causing frustration to the members, clients or subjects of an administrative organization. Dror (1990) coined the term 'reformcraft' to highlight the importance of developing capacities for governance appropriate to the difficult and demanding task of steering strategic changes.

In India, policy failures have often been attributed to problems of implementation. New Public Management offers the solution, to some extent, by incorporating techniques that can overcome these problems. But, we need to remember that technological solutions to social problems can be superficial. There are empirical evidences that capacities of political/administrative governing systems either have crossed the threshold of 'diminishing returns'—which means policies cancelling each other's effects—or are quite close to these boundaries pertaining to implementation difficulties (Kooiman, 1993). While policy analysis would help in tackling this problem, e-governance can certainly facilitate convergence and increase the limits of capacities of both political and administrative systems. A truly e-governed system would require minimal human intervention and would rather be system driven. But this stage will follow only after the systems of delivery of information and other routine services are established in an effective manner.

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GOVERNMENT OF INDIA'S BLUE PRINT VISION OF INFORMATION TECHNOLOGY

The Concept Paper prepared by the Ministry of Information Technology of Government of India envisions:

- Harnessing advances in IT and the opportunities so presented to restructure government, citizen and business interfaces with the objective of better governance.
- Establishing institutional mechanisms to facilitate initiatives towards synergic utilization of IT as an enabling tool for efficiency and effectiveness in public administration.
- Targeting to achieve at least 25 per cent of the government dealings and services to be delivered electronically through computers, telecommunications, television within 5 years.

To realize this vision, the government is aiming at:

- Developing the institution of nodal officers both within the ministry as well as corresponding departments in the Government of India for quick initiation and transfer of suitable technologies and packages enabling e-governance.
- Leveraging resources of various ministries/departments and public sector institutions of the government to enable adoption and adaption of objectives of electronic delivery of services.
- Encouraging development of similar mechanisms and dedicated institutions at the state level.
- Encouraging various Constitutional bodies to adopt e-governance as a tool for more effective delivery of services and administration.
- Addressing privacy concerns through a clear statement of continuing commitment to the data protection and Internet security methods both in the public and private domain.

IMPLICATIONS OF ELECTRONIC-GOVERNANCE FOR PUBLIC ADMINISTRATION

Administrative action takes place within the larger network of power capabilities of groups and individuals interacting within the governing system in order to determine the direction of flow of public goods (Mathur, 1986). 'National Information Infrastructure' has the characteristics of a 'public good' and is viewed as fundamental and critical base for future economic and social development. Appalling poverty conditions and lack of basic infrastructure for rapid economic growth have thrust the responsibility of social development and other targeted measures on the government. Apparently, government has

an explicit mandate to effect this and the success of these measures is necessary.

Past experiences propel to look for alternative and more effective ways of implementing the e-governance measures. More so, when the political consensus for application of e-governance in the policy process has been achieved. The institutional pluralism also makes it imperative for the public organizations to be effective and efficient in order to remain competitive. The e-governance measures can help in cutting costs on account of reduction in decision-making time and ensuring transparency. The implications of this technological advancement for public administration can be analyzed in terms of: (i) Administrative Development; and (ii) Service Delivery.

Administrative Development

India has been at the forefront of the IT revolution. Consequently, these technological developments have put pressures on public administration structures to incorporate reforms to be SMART. In the words of Chandrababu Naidu, the Chief Minister of Andhra Pradesh, 'reforms today are no longer a matter of choice'. In fact, he introduced e-governance reforms in his state much before similar efforts were made at the national level. Through networking of district headquarters with state level organizations, the performance of various functionaries at the district level can be effectively monitored. It has also facilitated the implementation of various programmes of socio-economic development in a speedy manner.

Coming back to the concern for bureaucratic structures, we may ponder over the question whether they are ready to accept the change or not. It is possible that they could be reluctant as it is an inherent bureaucratic characteristic. Reluctance could be greater in view of imminent greater accountability, which will put public functionaries under closer scrutiny and effect loss of control reducing their 'power', which is another bureaucratic hallmark. However, administrative reforms the world over have helped in creating an environment for initiation of such reforms in India as well. Role of political leadership is crucial in this regard, and is, at present, favourably disposed towards such reforms due to political compulsions at the home front as well as pressures from external international agencies.

Re-engineering of the existing government processes and procedures is essential for bringing about transparency in working, reducing bureaucratic controls, increasing efficiency and productivity, reducing cost of service delivery, etc. However, piecemeal efforts would only add to the cost, as pointed out by some experts who have applied the technique of 'analytical estimation' to establish that technology plays just a 15 per cent role in a successful e-governance project, much against the previously estimated 60 per cent. The

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process of e-governance should therefore be treated as only a means to achieve certain pre-determined socio-economic objectives.

A glance at the vision documents of Government of India and some state governments, could certainly gladden a dreamer, who may conjure up the image of a smiling person, who lives below poverty line in a remote village with no income generating opportunity and plans to start some entrepreneurial activity under a poverty alleviation programme, receiving all information on his loan approval by a bank at the click of a mouse over the Internet accessible in his panchayat. To convert this dream into reality, the government will have to build upon the capacities of administrative structures through the application of e-governance to meet the ever-burgeoning demands of the clients, especially when the socio-economic conditions of the country have made it imperative to bring more and more goods and services into the public domain.

However, the public service providers or public administration functionaries face challenges that stem from two interrelated features of contemporary government; the pace and type of change with which government must cope and the fact that government operates through networks of interdependent organizations, which simply pursue their objectives (Metcalfe, 1993). 'Democratic Decentralization' has been a major change in the governance system in India. In the wake of 73rd and 74th Amendment Acts, the panchayats have been given legislative powers over certain subjects in both rural and urban areas. Alongside, administrative structures for each departmental activity already exist. Convergence is achieved through some coordinating agency like District Rural Development Agency (DRDA) or District Urban Development Authority (DUDA). In the comparatively newer bottom-up approach, District Planning Committees (DPCs), have been entrusted to consolidate micro-plans to be finally accommodated in the plan proposals of the respective state and ultimately the National Plan.

IT can enable such structures in mapping resources and preparing databases, which can be later used in the policy process. Convergence can also be achieved through it. Further, it has the potential to reduce the decision-making time drastically. For example, line agencies of various departments are implementing various schemes like poverty alleviation, asset creation, primary education, etc. They can make regular use of the Internet to process the files emanating from the field, as the physical movement of files takes a long time. Field officials can post the information or send the queries through Internet to headquarters (state or the district as the case may be) and receive response, on the basis of which action can be taken. Notings can be made on the files later, when they reach the headquarters.

Similarly, welfare departments in all the states can implement various schemes for the benefit of deprived sections. For instance, if the students entitled for some merit scholarship are to be selected from among the SC students, the department in the respective state can now create on the Internet, a database of all the families that can be covered under one scheme or the other with the assistance of village and block level officials, through a network that could be created to link all the districts with state headquarters. List of the students eligible for the particular scholarship can be prepared from this database. Similarly a list of beneficiaries to be covered, say, under some poverty alleviation programme, can also be prepared by the other concerned department from the same database. This would help in avoiding duplication of efforts and facilitate the selection of beneficiaries in a speedy manner.

Many examples of these sorts can be found in some states[1]. The Andhra Pradesh government's e-governance initiative is well-known as APSWAN (Andhra Pradesh State Wide Area Network), a statewide network for voice, data and video communication. This is the basic information highway for improving government-citizen and government-industry interface, which is proposed to be extended to all 'mandal' headquarters, towns and eventually, the villages. The Karnataka government has embarked upon an ambitious e-governance programme to establish an interface with the citizens, especially in revenue, land registration, and civic utilities, in order to make these more transparent and friendly.

The West Bengal government has computerized works relating to preparation of land records in 331 blocks out of 341. The future aim is to establish the land records data retrieval system or kiosks. Now the Delhi government is planning to ask the schools to feed in information about existing infrastructure, performance of students, among other things, into a web based system. The purpose is to improve information accessibility to the government and subsequently help in framing policies.

'Reinventing Government' has expanded the scope of cooperation

1. The Custom and Excise Department of the Government of India has introduced the concept of electronic data interchange in respect of imports and exports of air cargo. A Local Area Network (LAN) has been set up in the Chandigarh Secretariat. Wide Area Network (WAN) is also being set up. In Kerala, FRIENDS (Fast, Reliable, Instant, Efficient Network for Disbursement of Services) has been established for availing a range of popular public services through back-end computerization or systems integration in the government. The initiative taken by the Government of Orissa under the Gramsat Pilot Project, which is a satellite based digital communication network, aims at addressing many issues of governance such as skill development, transparency, accountability, responsiveness, reduction of corruption, people's participation and project planning. Tamil Nadu's Scheme of Community Internet Centres envisages the establishment of a large number of such centres with active involvement of the Government, voluntary organizations and private enterprises (Such and many more initiatives were discussed at the Conference on 'Governance for Development, Issues and Strategies' organized by the Faculty of Public Administration, IGNOU, in Aug. 2001).

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among public functionaries, private sector and NGOs. To reach out to the public effectively, the government has to have appropriate interaction points, which require development of appropriate software that cannot be done by the government alone. Public-private partnership, especially in view of Indian expertise, can facilitate such efforts. NGOs in turn, can effectively mobilize people to make use of the opportunities offered by e-governance. Government has already planned to form a standing panel of IT consultants for each department/ministry to advise on various technical issues.

Service Delivery

The new public administration is geared towards greater decentralization, yet it remains to be seen as to what e-governance facilitates: a more centralized machinery, which can control more effectively since the span of control will certainly increase with speedier communication, or a bottom-up communication, which reposes faith in the capacities of the basic operating units to re-interpret and innovate according to dynamic situational changes. A lot will depend on the perspective that is envisaged by the policy makers.

A national perspective of e-governance would automatically integrate projects across various states and departments, to provide electronically, a single point of contact for citizens for the delivery of services. A national perspective is important because there is often a tendency to imitate successful projects here and there and commit public funds in such pursuit.

Critical issues need to be clearly delineated and solutions worked out, as many initiatives emanating from various directions are often at cross-purposes, repetitive, and wasteful. What is required is that it should lead to convergence and e-governance in conformation with specific requirements, the technological universe, habits and ethos. Action Plan endorsed by the Conference of Chief Ministers in 1997 has already included the pertinent issues of: (i) accountable and citizen friendly administration; and (ii) transparency and right to information. The process of e-governance would have immediate impact on these features. Clients, which include the whole lot of stakeholders—the government, implementing agency, civil society organizations, citizenry, donor agencies and the experts associated with the programmes—have the right to information about the service provisions, constraints of public administration, accountability of a public servant and the grievance redressal mechanism, especially for services, which concern them.

Empowered by the 'Citizens' Charter', the public in general can monitor the performance of public agencies. Moreover, accountability can no longer be interpreted narrowly. As the government is orienting itself to be citizen-centric, the issue of accountability would rest on the

satisfaction of the clients, which in turn induces transparency in the functioning of public functionaries. Participation facilitates adequate voicing of the concerns by the clients, which can be accommodated in the programme/project formulation, implementation, monitoring and ultimately service delivery. Web-enabled participation can exhort each stakeholder to do so because participatory approaches admit the importance of every concern, even of opposing voices.

Administration should focus on offering services which correspond to the clients' requirements. Report of the Working Group on Convergence and e-governance for the Tenth Five Year Plan (2002–2007) proposes administration to transform itself from being a passive information and service provider to a platform for the active involvement of citizens, which has various facets such as: single source of information for citizens, equality and ease of access, optimizing resources of multiple organizations, intergovernmental participation, public networks, stimulating debates, exchanging views and information, and public information feedback.

EMERGING CHALLENGES

In developing countries such as India, the IT influx has to be handled with caution and restraint. Unless the benefits accruing from IT are supported by adequate infrastructure, capital and access, the fruits will elude the poor and deprived masses. The process of e-governance must try to balance the goals of development, asset creation, social justice and equity in order to meet the pressures of globalization and privatization. Some immediate challenges before IT are:

Infrastructure

UN Secretary General Kofi Annan once said that '... today, being cut off from basic telecommunication services is a hardship almost as acute as other deprivations, and may indeed reduce the chances of finding remedies to them'. The foundation of e-governance is based on the telecommunication services. A lot of infrastructure needs to be created so that the end-user is able to access the services. Broadband connections covering the last segment of the data pipeline is known as 'the last mile'. The National Task Force on Information Technology and Software Development in 1998 recommended 'the last mile' linkage for IT Applications Service Providers (ASPs), Internet Service Providers (ISPs), and IT promotional organizations either by fibre optics or by radio communication with the aim of 'boosting efficiency and enhancing market integration' through Internet/Intranet for sustainable regional development. Connectivity is the backbone of the whole application. However, the convergence of technologies for carriage and delivery systems is in a nebulous state in India. Though

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several possibilities have been cited, not much has happened in real terms. Cost of computers also needs to be brought down to increase their penetration.

Capital

Application of e-governance would involve hardware and software costs besides the costs of re-training, re-engineering the organization, re-deployment of staff, etc. The Tenth Plan has recommended allocation of 2–3 per cent of the non-plan expenditure of the Central government for the IT. Out of this, 1 per cent has been earmarked as the R&D budget component for Science and Technology projects in ICT applications to facilitate the strengthening of e-governance. In view of the resource crunch being faced by the government, it remains to be seen whether government can commit large public funds towards this. Moreover, the benefit will occur only after a period of time, which may hamper sustained investment, especially when one considers that e-governance has been portrayed as the panacea that cures, in no time, all the ills plaguing the society. A public-private partnership may be beneficial in this regard, since the private sector in India has the capability to participate prominently in this field.

Access

According to one of the NASSCOM Reports, there would be approximately 10 million users of the Internet in the country at the moment. Of these 77 per cent use it for 'Search' and e-mail; and 23 per cent for software download. In a country of more than one billion people; of which about one third are living below the poverty line, it may prove to be a mammoth task to popularize the Internet. The factors that decide the popularity are availability, costs involved, and usefulness of the service. Though the government is planning to create a countrywide network for providing multiple access points and reaching out to the Gram Panchayat levels, it remains to be seen to what extent the people will benefit.

At the moment, as found out in a global study conducted by international media and the communications agency, Taylor Nelson Sofres, the number of Indians using the Internet to access government service or products available online is 31 per cent of all Internet users. The percentage has increased in the last few years, but its success will depend on the expansion of the base of Internet users and reduction in costs of accessing, while increasing the relevance and usefulness of the service. The real impact of an e-governance application will depend upon whether it has applications, which fulfil the requirements of the clients. This will involve affordable access to core information resources, cutting-edge technology; and sophisticated telecommunication system and infrastructure.

Utility of Information

The Government of India has prepared a vision document for e-governance. Some state governments also have developed similar documents. However, the initial euphoria will evaporate soon if the content is not useful and interesting. The available information needs to be such that it empowers people. The Right to Information Acts might be required to be promulgated in all the states. Though Citizens' Charters of many departments are available on the Net, further publicity of such facilities is required to enable the public to access the necessary information.

Capacity Building

Human resource management is yet to develop the capacity to build, manage, operate and service the technologies involved. Training the workforce to develop, maintain and provide the value added products and services required by the knowledge-based society are yet to be concretized. Though computer training has been imparted to all the public functionaries, barring a few cases, an effective use of the basic IT services, is yet to be seen. Only after this, can they be expected to incorporate advanced features of e-governance into their functioning.

Changing the Mindset of Government Functionaries

Technological solutions to societal problems are being increasingly sought by public functionaries, forgetting conveniently that technology can only facilitate the solutions. It is not a solution in itself. Besides, they have to assess their roles in the changing circumstances. The agents or the functionaries of change need to be made aware that they are there to serve the clients as per policy/programme provisions. Some orientation or training programme for attitudinal changes may benefit in imbibing the spirit of cooperation in these functionaries.

Language

A critical issue in making e-governance accessible to all sections of society is to make the service available in local language. Currently, the most widely used language on computers and the Internet is English. But given the Indian societal conditions, unless we develop interfaces in vernacular languages, it would remain out of reach of many people, who are not capable of accessing these services in English. This factor, however, can be taken care of through a pioneering work done by Centre for Development of Advanced Computics (C-DAC) Pune, which has developed a multi-lingual software. However, in the national context, it is essential that a clear strategy be formulated to provide access to local level databases maintained in regional languages as well as to use appropriate interfaces to aggregate such data.

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Standardization in Data Encoding

An integrated system having multiple access points, maintained in various languages will automatically need an updation in conformity with similar standards for data encoding, an application logic for a common horizontal application, and data dictionaries. This is also necessary for finding aggregates in the national context.

Grievance Redressal Mechanism

Currently, there is a general complaint among the people that there is no effective grievance redressal mechanism available to them. Even the functionaries entrusted to look into the related matters are either overburdened or insensitive. Widespread corruption in various administrative organizations is acting as an obstacle in addressing the problems of the people. Interactive platforms on the Internet may speed up the grievance redressal. However, certain concomitant measures will also be required, like establishing appropriate agencies and a time-frame to address these concerns. Central Vigilance Commission has provided such a platform for people to register their complaints against corrupt officials. Such sporadic instances need to be made broad-based and effective.

Cyber-laws

A major problem faced by the practitioners of public administration is that of 'free riders'. Some unscrupulous elements will always find ways of taking advantage of various service provisions. As happens in any new area, there will be many such initial problems. The government will need to enact appropriate laws, especially those which are necessary to enable transactions over the Internet. Safety concerns regarding use of credit cards or other modes of payment stops the consumers from using the facilities, which are available currently. MTNL is one such example, which has provided for online payment of bills, but not even one per cent of its consumers are making use of this provision. Moreover, legal sanctity should be immediately granted to IT systems and information documents stored in such systems.

CONCLUDING OBSERVATIONS

As a discipline, public administration needs to be sensitive to the challenges posed by social change and socio-economic development. The impact of e-governance on public administration has become a part of academic discourse on 'good governance'. The speed and transparency associated with e-governance have the potential to make public administration responsive and effect good governance. However, the initial euphoria notwithstanding, for the growth and

relevance of the discipline, the research areas that can be enumerated are: future role of e-governance, cost-benefit analysis of providing e-governance in core services, command and control systems, ways of re-orienting public functionaries, citizen's role and choice, extent of consumers' consultation and participation. Problem areas in the implementation of e-governance, grievance redressal mechanisms for both providers and consumers, e-governance vis-à-vis good governance, prioritizing projects before committing public funds, problems of convergence and integration, identification of agencies having the expertise to review the e-governance projects and techniques on a continuous basis; and concomitant legislative and policy support are some other important areas that warrant detailed analysis and research.

However, the first and foremost issue that requires attention is the development of an e-governance system that is responsive as well as sensitive to the issues of social equity and access. Any form of e-governance, which is not within the reach of the poor and the disadvantaged is likely to fall short of the objectives it aspires to achieve.

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20

A Nation Online: Public Administration in the Digital Age

— Sanjay Jaju

The growing trends in globalization and privatization have opened the doors to far-reaching technological changes. To deal with this changing scenario, the gains and losses inherent in the phenomenon have to be cautiously weighed. India, like many other developing countries, is in a position to wrest the benefits of information technology (IT) if it is made accessible to as many people as possible in urban and rural areas. We are now in the age of a knowledge-based society, which is attempting to transform the government worker into a knowledge worker. The knowledge explosion has trickled down to the citizens too. They have umpteen expectations of the government. The administrators, though restrained by the lack of resources, infrastructure and adequate capacity or the will to deliver the goods, are striving hard to live up to these growing expectations. This chapter highlights the unceasing influx of IT in the country and the administrative response to it. It discusses the ways through which the government could make the administrative system more transparent, efficient and responsive. 'Saukaryam', an IT project, conceived and implemented by the author is reviewed as a case in point to impress upon the need for IT solutions to the myriad administrative problems.

ADDRESSING ADMINISTRATIVE PROBLEMS

The vast apparatus of governance that our country has, is slowly coming to a state, where it would stop unless it gets a push. The unfortunate thing is that not many of us have the capacity and the wherewithal to impart this push. This notwithstanding, what is without doubt is that the systems of governance, lying in the hands of

powerful and influential, need to be transformed if they are to cater to the requirements of all, whatever their face may be. This rhetoric might sound a bit clichéd, after all there are so many who have been talking of this. What remains unaddressed, however, is that many of these issues are swept under the carpet with no visible changes effected. Nobody is able to find out where the real problem is and where does the solution lie. One thing, however, is certain; the solution does not lie in speeches and pronouncements. If we have to improve the administration of the government anywhere, we would have to do some serious introspection, some retrospection and systems analysis to figure out where the rot originates from.

Every government department has two lives, one that it lives internally, and the other that it lives with its clients; the citizens, as we call them. Internally, the organizations suffer from problems of malfunctioning due to lack of proper and smooth systems, while externally it makes its clients suffer. There are many in the government, who are frighteningly overworked while there are many more, who are woefully underworked or do not want to work. Due to this, it is very difficult to identify the exact location and the impact of the malady.

A thorough systems analysis would however confirm that in nine out of ten cases, both the prevention and cure of this malady are possible only if we allow technology to take precedence over the norm. Internally, technology solutions would ensure that the non-performers cannot hide themselves and the decision support systems are on a stronger wicket with properly processed information base. Externally, technology would ensure that the discretionary advantages and favours possible in the technology-less system are eliminated allowing level playing field to everybody, which in essence, is the purpose of the government.

This, however, does not mean that technology by itself can make governments transparent, smart and responsive, as there are host of other factors that influence administration, yet it is true that technology is a *sine qua non* for achieving that. To any casual observer, a government office is a place where papers move at a snail's pace or get stalled, papers that contain loads of information affecting people. This information moves through a gigantic hierarchy giving scope to manoeuvrebility at all levels. This leads to imperfections in its processing, leading to bad decisions that range from being whimsical at times and being prejudiced sometimes. The bureaucratic system that has been based on the impersonal arrangements is now caught in the web of its own procedures. The same procedures that were created to protect it from its ill-wishers are seriously hampering the lives of its well-wishers.

So where do we go from here? The immediate need of the hour is to enable the administration adopt a citizen-centered focus and make

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use of technology for storing, retrieving, processing, handling and doling out information. However, to do this, every office needs to do some ground work, carry out system analysis to weed out the incorrect procedures, lengthy formalities and above all rightsizing, so as to get right people for right positions by training and restaffing, if required. The quality of people manning various positions needs a real push if we have to make any headway in improving the face of the government.

IMPLICATIONS OF INFORMATION TECHNOLOGY FOR PUBLIC ADMINISTRATION

Unfortunately, information technology in the administrative parlance has been simply equated to computerization resulting in an influx of computers with absolutely no accent on the information part of IT. Anybody who understands information technology would agree that IT comprises almost 80 per cent 'information content' and only 20 per cent is what is called the 'hardware'. The distorted understanding of this definition in the governments has however resulted in needless addition of computers leading to a system, which neither has any citizen focus nor has evolved out of the real understanding of the maladies, the public system is afflicted with. Most of the computers lying with various organizations are relegated to being used as mere typewriters. More than 90 per cent of their processing and storing capacities remain unutilized.

It is generally believed that most complex problems have simple solutions and one only requires a keen eye to spot them. In most of the cases, if every government department can take the lead, and analyze its functioning, simple local IT solutions keeping citizens as focus could be found. Many such decentralized local initiatives are exemplars in this regard. The need of the hour is to build on the success of these initiatives and replicate them everywhere without reinventing the wheel. A strong political and administrative will can achieve this in a fairly reasonable time.

Due to the scale of operation and multiplicity of tasks, what one needs in the government system is the creation and maintenance of databases that allow the retrieval and sorting of data easier and faster. Smooth front ends that can allow user friendly access to these databases is the next step. Another issue is networking and connectivity, whereby all these related computers and databases talk to each other, share the information and live symbiotically. A stand alone computer serves no purpose and is a mockery of its inherent capacity. What we require is an integrated and supportive network.

It is also important that once the databases are readied and set, any further transaction could be compulsorily routed through the database so that the database is routinely and sub-consciously

updated and remains relevant and dynamic at all times. The bane of most of the government databases is that they are driven by individuals rather than systems and hence most of them are never updated once the individuals depart. It is, therefore, essential that transactions are invariably done through the database and updated without any conscious efforts and that this process is ingrained into the departmental bloodstream.

The possibilities of having common databases for multiple departments need serious attention and effective promotion. The centralized maintenance of databases at various strategic levels emerges out of this principle. Throwing open these databases into the public domain is the next logical step to complete the cycle. Such an exercise not just helps the citizens access the entire information process but also enables purification and weeding out of incorrect data.

RECOGNIZING THE POSITIVE SIDE OF IT

There is also a myth under circulation that the information technology solution is anti-poor and is an unaffordable luxury for developing countries like India. One has to only realize that IT is only a tool that influences the objective and if the objective is to make the system more transparent, open and accountable, there is no way it can be anti-poor. Most of the rural areas suffer on account of lack of right information regarding the markets, products, agriculture, health, weather, education, etc and if all this could be addressed through connectivity and information technology, a sea change can be brought in the conditions of the rural communities. This is why creation of a knowledge and information economy can bring in more opportunities and thereby prosperity to the impoverished areas than any other rhetoric. All the villages can derive benefits from the global networks, if they become knowledge hubs and gain symbiotically from each other.

Another area where information technology can improve things is in the delivery of civic services. These services range from bill payments, certifications and grievance redressal to citizen forums that can transform the representative democracy into a more popular democracy. It needs to be acknowledged that the interface between the government and the citizens that presents a relationship of a benefactor-beneficiary has to be transformed to a principal-client one. Technology can act as a strong catalyst in this regard.

Information and communication technologies are already affecting the way life goes about. This firestorm has also got huge potential to transform the paradigms of governance. IT entails connectivity and networking, thereby making the delivery of services offered by governments more effective. While talking of governments,

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local self-governments deserve maximum attention as they are at the cutting-edge and immensely affect the daily lives of the citizens. It is in this context that a Project 'Saukaryam', which means 'facility' has been launched in Visakhapatnam Municipal Corporation for delivering all the civic services online. The Project has been completed as a public-private partnership initiative with not much additional cost to the Corporation.

Under this Project, a Metro Area Network encompassing 120 Sq. Kms has been created through broad band/leased circuits, and a large number of banks that would take care of municipal payments have been put on this Metro Area Network and connected to each other. A Local Area Network encompassing all wings of the Municipal Corporation forms the backbone of this Metro Area Network. This Network has been in turn web-enabled to provide access to citizens through a utility driven Website for multiple services. For the citizens who do not have access to the computer or Internet, fully computerized City Civic Centres on the Network, delivering the same set of services have been created.

The Project covers the whole gamut of civic services ranging from the facility of online payment of dues to allowing lodging of grievances online or filing building plan applications and getting their status without running from pillar to post. There is also a provision for the hospitals to send birth and death information online, thereby helping citizens get their certificates instantly. As the Municipal Corporation enters into the daily lives of the citizens in many ways, all such multifarious areas of interaction have been covered. Now at the click of the button, citizens can see the garbage movement performance or a water supply plan of their street and also the updated infrastructure works being executed in their city. It also provides the contractors online tender notices; and the entrepreneurs and philanthropists business opportunities and social possibilities. It has also provided an online forum to the citizens to ventilate their grievances, air their opinions and cause necessary social change. In short, every service extended by City Corporation is being extended online under this Project.

The prime motto of the Project has been to improve the interface of the citizens with other government departments, as well as give them an integrated payment gateway. Simplifying the whole process, the Project has indeed, conceptualized an innovative approach. It has opened a multi-utility centre on the Metro Area Network. Calling it Bill Junction has been self-explanatory to the citizens. The process creates an online window to the citizens to pay all their utility bills under one roof. This offers a multi-pronged advantage of being the ultimate payment solution. Like most of the IT projects, this Project, which completed two years of operation has been evolving since inception adding additional services and features to it day-by-day.

Offering the citizens, all the civic services through a user friendly, transparent and accountable method has been the USP of this Project.

DELIVERING ONLINE CIVIC SERVICES

The results of the Project have been quite noteworthy. Ever since the Project has been commissioned, the work of the administration has become much simpler. For a thing as basic as receiving their dues, the kind of harassment the citizens used to face at the hands of insensitive and corrupt bureaucracy has all been eliminated after the advent of this Project. This is clearly established by the increase, which Corporation's revenue collection has shown ever since the current system has been put into place. A small complaint like abrupt drinking water supply or non-functional streetlight that used to take months to float into the system gets attended in no time. This is also seen by the number of hits that the Website is attracting every day and the number of registered users, which is increasing day-by-day.

The Project has been adequately covered by the national and provincial media and has been adopted as a model that could be replicated elsewhere. The citizen forum has become a virtual meeting place for the citizens who are freely airing their views for the city's growth and development work. Many call centres catering to the Project are coming up in the weaker section areas reflecting its popularity across the whole range of communities. The City Civic Centre, acting as one stop civic shop, is a living example of 'Digital Unite', as the citizens coming from diverse social and economic background are taking advantage of it for getting their civic needs attended to.

Statistics reveal that over 3,000 people make use of this facility every day either through the banking network or through the City Civic Centre or through the Internet. There are over 25,000 registered users for the Corporation's Website while the Civic Centre receives over 400 citizens every day reflecting its popularity across the whole range of communities. The internal computerization has helped in the improvement of internal efficiency and the coordination between various wings of the Corporation. This has been possible due to improved system of networking. The new work management system has brought in transparency in the execution of infrastructure works and optimum allocation of resources amongst various areas.

The Project has already become a pilot project for the other Municipal governments. Many other Municipal Corporations have been visiting Vishakhapatnam to learn about the Project. Vishakhapatnam Municipal Corporation has gone a bit ahead and has even implemented a similar project in the adjoining urban local bodies. Saukaryam Project has been the only e-governance project in 2001 from India to have been nominated for various prestigious awards.

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However, it is only a beginning, as the areas where technology can make governments do their job better are endless. The gains are palpable, as the citizens are getting used to it considering the response the Website is getting. With Internet kiosks spreading all over, this can really become a harbinger for uniting the communities and bringing them closer to the administration.

The speedy commissioning of the Project and its smooth implementation is an example of how big tasks are easily done if broken down into small tasks and entrusted to multiple stakeholders at the right time. The execution of the Project has involved many distinct areas ranging from data collection, computerization, networking and establishment of civic centres to sensitization and training of management as well as the citizens. While the data entry and updating has been carried out by the Corporation staff themselves, the software and programme development has been taken up as a joint exercise between the in-house software wing and private site developer, ready to claim stakes in the Project.

The networking all across the city has been done by a private bandwidth supplier in lieu of which the firm has been offered rights to run the line for other commercial applications in the city. Most of the collection centres have been opened in the local bank branches that have invested in the provision of necessary hardware in lieu of which they have been allowed to retain collected funds for a fixed period, giving them liquidity advantage. By roping in many stakeholders, the Project has been completed in three months time flat from the time of conception to commissioning without putting any additional burden on the already stretched financial resources of the Corporation. Out of the total project cost of Rs. 33 million, over Rs. 14 million, that is 40 per cent has come from sources outside the Municipal Corporation.

CONCLUDING OBSERVATIONS

The Project clearly proves that it is possible to produce cost-effective IT solutions that can bring immense benefits to the citizens. Similar experiments in urban areas like 'e-seva' and 'Cyber Grameen Centre' of Andhra Pradesh are sure to bring in rich dividends. Projects like 'Gyandoot', for the rural areas in Madhya Pradesh are also ushering in significant changes. The need is to consolidate such experiments and broad base them for replication elsewhere. India being the world's largest democracy, has also got the potential to become the largest e-democracy if the IT talent we have in our country is harnessed for greater public good. To say the least, if we fail to act now, the 'information gap' risks may widen into an unbridgeable gulf that may increase global inequality and leave the poor further behind. But if we approach the matter with the same kind of urgency and application as the commercial "dot.com" sector, then we have every chance of

building a strong and effectively wired future that not only includes the world's poor and the disadvantaged but gives them unprecedented opportunities to lift themselves out of their deprivation.

The emergence of e-governance has significantly changed the nature of the relationship between citizens and public servants. The e-governance movement certainly promises higher quality of service delivery and information access. It is generally believed that advances in Information Technology should be taken with a pinch of salt. Developments in IT are looked upon with skepticism, caution and refrain. It is high time that we realized the positive difference it could make in the functioning of administration and building an interface between the government and the citizens. Success stories like 'Saukaryam' could have macro-level impact if these are emulated and adapted with an open mind at various other places in the government. The criticism of IT, as being anti-poor, cumbersome and expensive has deterred the governments on many occasions to go in for it in a full-fledged manner. The negative mind-sets against IT *per se* need to be combated. More education, training and awareness on IT needs to be imparted to the administrators at different levels, if the voices of the cynicists and critics are to be resisted and the benefits of IT adequately reaped.

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21

The Failure of Organizational Reforms: A Tragic Story of Indian Administration

— G. HARAGOPAL

Usually, a discussion on organizational development does address the periodic changes that need to be made in the overall structure and working of organizations. In fact, organizations that are not sensitive to overall changes suffer from their own internal underdevelopment and get into unmanageable crises that demand extra effort. In such cases, organizational entropy is deeper and faster, particularly when the overall context is changing faster than the intrinsic capability of the organization. This is the experience of most of the developing countries that are in the transition period. This seems to be the result of developmental contradictions, fragmented cultural base and mounting technological compulsions. This is what makes a discussion on the organizational changes and the contingent reforms necessary and relevant. However, in the present scenario, introduction of reforms is not all that easy. The growing complexity of the context, the deteriorating organizational capabilities, and the incapacity of organizations to change themselves present a paradoxical situation. It is against this background that the attempts at organizational reforms and their ineffectiveness in the process of India's development experience as well as their theoretical underpinnings are discussed in this chapter.

FEASIBILITY OF ORGANIZATIONAL REFORMS

Organizational reforms are pertinent for any human activity. For, reform is a periodic attempt through which men and the machinery acquire capability to adjust and adapt to changing conditions (Caiden, 1982). Societies change continually, sometimes slow and sometimes

fast. The change occurs at two levels: one is the interface with the nature and the other is the relation between human beings themselves. These changes occur due to changes in human consciousness calling for an overall change. It is at this stage that the quantitative changes may take a qualitative form. Human ingenuity lies in comprehending the changes and competently handling these. Those systems, which are not sensitive to such dynamic environment give in to cracks and collapse. Arnold Toynbee demonstrated this point on a larger canvas through his massive work on the origin, rise and decline of the major civilizations in the world.

For Karl Marx, in a class divided society, the organizations tend to be instruments of class dominance and the source of all oppression. As the toiling classes become conscious of the exploitative structures, the instruments start crumbling, giving rise to democratic and liberating forces. But in every society, there is a time lag between quantitative and qualitative changes. This only means that when the changes are slow, the systems adjust through reforms and maintain the overall equilibrium and when the changes are rapid and radical, the society restructures itself on new premises giving birth to different modes of organization.

The changes in the social institutions based on voluntary association of human beings occur through interaction, socialization and emotional balance at one level and breakdowns and readjustments in their arrangement at another level. For instance, an institution like family gets subjected to quite a number of changes. The relationships between the spouses or between the parents and children pass through various ups and downs. They make extra and day-to-day efforts to preserve their relationships. A total change would be beyond the coping capacity of any family, as it is a part of objective laws that govern the larger socio-economic system. Yet, at the individual level, there are always attempts to adjust and accommodate. This approach does not hold good in case of formal organizational systems since such organizations are far more complex and have complicated structures. They need much greater support of members of society at large.

There is always opposition to bringing about changes in organizational structures and carrying out reforms. In this context, observations of Machiavelli are quite apt. He says, 'it must be considered that there is nothing more difficult to carry out, more doubtful of success, more dangerous to handle than to initiate a new order of things. For, the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who will profit by the new order; this lukewarmness arising partly from the nature of man not to truly believe in anything new until actually experiencing it. Must it arise, on every opportunity of attacking the reformer, his opponents do so with the will of the

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partisans, the latter defending him only half-heartedly so that between them, he runs the greater danger'. This is one of the reasons why established systems change so slowly.

Organizational reforms in the case of governmental set-up are all the more difficult since the administrative organizations, being a part of the state apparatus, are located in the authority structure of the state and institutions that have an inherent propensity to be undemocratic. They oppose change. Besides, those who enjoy the privileges respond to change, more due to force than appeal. In fact, changing the habits and methods of instruments like military, para-military and police is all the more difficult as they themselves are rooted in force. In any process of transformation, these institutions would be perhaps the last to change.

In modern times, the state, seeks apart from force, new forms and sources of legitimization. As a result, it has been put forth, the state performs coercive, legitimative and responsive roles. These three roles are reflected in the administrative styles. As these different cultures have to coexist, there is a constant interaction between these cultures. However, studies on these aspects indicate that developmental departments tend to imitate the powerful coercive departments. Each department of administration, it has been observed, pursues its own goals and work-culture, due to which, conflict is bound to be there in the administrative system. It has been envisaged that there is a possibility that a section of developmental functionaries takes the side of the people in the event of polarization of social forces. This may be one of the reasons why administrative reforms deal more with the developmental wings than the coercive wings. In the case of India, even the reforms of developmental wings have not been addressed seriously.

This lukewarm approach towards the reforms may be attributed primarily to the political domain. The political processes are partly rooted in the legitimization strategy of the modern state, which is subjected to constant pressures and counter-pressures from various classes and castes. This is all the more true when the system depends on the electoral mechanism, which has a logic of its own. As part of the electoral compulsions, the political systems make promises and also compromise. It is these promises that partly account for the rising consciousness of the people. This in turn gives rise to more pressures—organized and unorganized. In the process, the political culture becomes rhetorical at one level while societal insistence on actual performance increases at another level. As the scope for rhetoric gets narrowed down, the systems start experiencing the jolts. This is the phase that Paulo Friere characterized as semi-intransitive condition. In fact, Friere portrays very graphically, the breakdown of the elite structures as the system steps into a crisis phase. It is in such a changing context that administrative reforms acquire

considerable significance. The reforms are initiated partly to appease the popular unrest and partly to enhance the incremental capacity of the system for a better performance. This could be one explanation for the appointment of the Administrative Reforms Commission in India in the mid-sixties. The experience with this Commission will be taken up at a later point.

CHALLENGES TO ORGANIZATIONAL REFORMS

The rules of political processes are derived from the laws of economic forces. After all, politics is concentrated expression of economic interests. In most of the societies, the dominant groups compete for a greater share in the growing wealth of the society through claims and counter-claims. Raising the level of production is one of the ways that is open to the system to resolve the conflict. The efforts could be initiated to gear the organizational system for growth purposes and are called upon to play, at least partly, the role that markets played in the western societies. One of the major challenges to organizational reforms is the challenge of innovating methods through which the traditional systems, which have been otherwise rooted more in the regulatory and coercive culture, could be changed so that they become capable of performing the market roles. The failure on this front invites the wrath of the dominant socio-economic groups in the society. These attacks are carried through the well-orchestrated media at their command. That the administrative systems are incapable of delivering the goods is a part of this syndrome. However, the question remains: why the political elite do not resort to reforms at least to keep the growth process on and the entrepreneurial classes engaged in production happy? The explanation for this paralysis of action is yet not very clear.

There are also the toiling millions whose compulsions are of a different kind as their basic problems relate to livelihood, access to resources, dignity and freedom. As the masses are increasingly pressurized to produce more, they start demanding better conditions of work and life. The dominant groups engaged in accumulation resist such demands. As a result, the people grow restless and the state resorts to incremental measures such as anti-poverty programmes. Instead of tackling the problem at the root, the state tinkers and tampers with the structures. The poor, dissatisfied with the performance of the administrative system, grow more critical of the system. In the process, the administrative system develops an inverse relationship with the growing and changing consciousness of the people. This is what makes the question of organizational reforms extremely complex.

The importance of the administrative system keeps changing and growing because of the emphasis on growth and demand for

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distributive justice. As growth and distribution develop sharp contradictions, the role of administration becomes directly a political question. The political system clings to the administrative system in its search for stability as the overall socio-political system remains in continuous flux. At this stage, the failures of politic l system get projected as failures of administration. This is precisely the reason why political systems appoint Administrative Reforms Commissions but do not enforce their recommendations. Even if they attempt changes, they prefer changes in the form and not in the substance; the crisis being systemic, and this makes institutional reforms retarded, if not redundant. The administrative system, because of growing complexity, searches for safer or escapist routes rather than innovating and revitalizing the system. The truth of the matter is that the administrative system is neither prepared for such a complex situation nor is it meant to handle such a situation.

The story of organizational improvements in the public and industrial sector in India is no different. It has been the experience of most of the developing societies that their capacity to innovate the modes of organization is crippled on all fronts. This can be seen in the industrial organizations, which are equally ineffective. It is true that the private organizations have management consultants. Some of them assign the tasks to the prestigious management institutions. The general perception, however, is that consultancy in India is more to avoid the tax burden, or help the kith and kin or maintain rapport with the middle-men than improvizing the organizations. The consultancy reports in several instances are hardly consulted. They are not even perused by the concerned managers. This indifference to consultancy could be traced to two reasons; (i) the organizational systems are modeled after the western forms of organizations and therefore they look to the western ideas emanating from institutions like Harvard; (ii) imported technology does not permit any local experimentation unless the industry engages itself in reverse engineering or encourages indigenous research and development. This could be one explanation as to why organizational reforms have never received any serious attention either in the governmental institutions or private firms. Besides, such attempts have never succeeded in making an impact on the productivity or production systems.

The management education in India is the example of not only the total westernization of education but bankruptcy of our management experts. It is hardly realized that our organizational structures are located in a political economy whose cultural complexities are far more specific to the Indian system. Experts like Peter Drucker hardly would know a social practice like caste system. The influence of Hindu view of life, family, education are so subtle, that unless one probes into these multi-faceted dimensions of the problems, one would not be able to tackle the organizational

complexities. Nor would it be possible to innovate new forms of organization and methods of work. It is the parasitic tendencies that have rendered experimentation non-relevant.

As far as the administrative reforms in the governmental sector are concerned, one of the important crises that have held back reforms is the conflicting objectives that the political systems are pursuing. These conflicting objectives are generating contradictions in the system. The cultural system is so fragmented that it has no stimulants built into the system, as the culture has become complex due to the historical legacies. The conflicting developmental objectives, technological dependency, cultural and historical complexities make the question of organizational reforms an extremely difficult exercise.

THE ESSENCE OF ORGANIZATIONAL REFORMS

The question of organizational reforms has to be looked into mainly from the perspective of the structured relationship that the western theory has been emphasizing. It is also necessary to look into the limitations or the inner strength of structured relationships to raise the standards of work. For, the group of human beings entering into relationships as a part of a productive process is based on an axiom that one plus one is more than two, meaning what two can achieve together is more than what they can individually or separately. In other words, there is synergy. However, the way the work is divided, structured and designed may or may not necessarily result in that desired outcome. This may lead to a situation wherein the form of an organization can become more of a constraint than a catalyst in the overall working of the system. The pertinent question, therefore, would be: is it not that the way the work and relationships that are structured over time have lost their positive value? This question assumes special significance in any discussion on organizational reforms.

Historically in the food gathering stage, the individuals or groups existed either in harmony or at the mercy of the nature. It is the invention of agriculture that brought the primitive form of organization into being. For, in the early stage, working together was a pre-requisite for an agrarian system. As the groups started producing the surplus, the organizational structures began to take different forms. Gradual stratification of human beings is one of the 'universal' outcomes. The organizations that arose subsequently were from the surplus. There came up organizations that were involved not only in production but also in extraction of surplus. There were also organizations whose sole purpose was extraction of surplus. The rise of various forms of organizations without direct participation in the productive process marks the beginning of history of 'new' organizational forms.

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The institutions like the state and its paraphernalia came primarily into being to either extract or facilitate extraction of surplus. Expansion of organizations has been a result of elaboration and refinement of extraction of surplus. A part of the problem of organizational reforms lies in the very nature of work. Production is a creative work, it not only transforms the nature and the person acting on the nature, but also constantly produces something for human needs. But extraction of surplus or managing the conflict arising from this process cannot be a creative activity. If anything, it is a negative activity. Such an activity cannot raise the human beings to their best levels nor provide a value framework, which can be humane and democratic. In fact, as the conflict in social relationships becomes sharper, the state and its administrative apparatus resort to coercive forms, which have a negative influence not only on organizational culture but on the general society. Transforming such a negative activity into a positive one is one of the central theoretical questions that constitute the essence of organizational reforms.

The goals of certain modern organizations are not as negative ar. l coercive as they used to be in the earlier stages. In the modern context, the goals are stated to be growth and justice. Although in principle these goals are more positive, the dilemmas of market-oriented growth and distribution-oriented justice have to be resolved or reconciled. However, the western organizational systems are devised to perform the market or growth centric goals. The efficiency-economy paradigm is a part of this overall design. In developing countries like India, the problem that is quite acute is not only that of raising production, but also, of distribution. The question that emanates from this debate is: what forms of organizations can contribute to justice on the distribution front? The crisis of organizational reforms is that the entire 'exercise' in the domain of justice has not been able to throw up creative alternatives.

The organizational systems—the governmental and industrial—as stated earlier, look to the West for ideas, models and also solutions to the indigenous problems. As the organizational models are drawn from the western experience, one should look into the western organization theory and its contextual relevance. The question is; does organization theory hold any key or clue to the question of organizational reforms. This takes us to the philosophical moorings and also the basic theoretical questions relating to organizational systems. An examination of the basic western organizational premises is well in order at this point.

THE WESTERN ORGANIZATIONAL PREMISES

The Western organization theory during the last century grappled more with the questions of standards of work. In the industrial

organizations, innovations became possible as they were engaged in the production. The experiments that Fredrick W. Taylor (Scientific Management) conducted in search of scientific method or the Hawthrone experiments in human relations (Elton Mayo) did throw up new light on human side of the organization. The subsequent socio-psychological improvements were mainly geared to the production raising activity. There have been, of course, some breakthroughs in organization theory and practice. But these exercises were indifferent to two important questions; (i) how do we develop organizations, which are socially sensitive; (ii) how to organize the work, which can give greater scope and meaning to individual human person without undermining the collective identity or purpose. In other words, social sensitivity and 'spiritual' urges of the functionaries received no attention.

It is surprising that neither the early structuralists like Luther Gullick, Lyndall Urwick, James Mooney and F.W. Taylor nor the distinguished analysts like Chester Barnard, Herbert Simon or Max Weber raised philosophical questions relating to the meaning of work. With the result, the work of early structuralists got reduced to a mechanical level and the contribution of behaviouralist thinkers like Chester Barnard and Herbert Simon left these fundamental questions untouched. For instance, Chester Barnard raised the question about authority and its basis, but did not ask the questions, such as whether authority is indispensable to a human system of work and whether the structure of dominance to which human beings are subjected can be eliminated at all. This is also true of Herbert Simon to whom the credit goes for raising the discourse on organization theory to a much higher level of abstraction. An analyst of his depth who laboured hard to develop the concept of rationality did not raise the question about the rational basis of work itself. He explained at length the constraints on rationality, which are external to work but did not discuss the rationality component of the work itself.

Max Weber, of course, treated the problem of organization at an ideological level with an assumption that capitalism is the final stage of development. It is precisely the reason why legal and rational authority becomes inseparable in his ideal model. The limitations of all these approaches lay in their terms of discourse. As long as capitalist form of development is the reference point, the dominance as a part of structured relationships cannot be questioned; because these are forms of organization where human behaviour is subordinated to the advancement of capital formation. This is the reason why we get some insights from the organization theory for raising the production, but cannot get equally useful insights for humanizing and democratizing work itself.

In a discussion on organizational reforms, one should ask whether work is an end or a means. The entire organization theory

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views work as a means and not as an end. If work is considered merely as a means then it ceases to be a source of happiness to those who are engaged in work. In the process, the organizations and their managers start overemphasizing on achievements and targets leading to a distorted and disturbed consciousness. This, in turn, leads to greater and greater demand for material incentives in terms of salaries, promotions and the other benefits. The workers frequently resort to strikes; the strikes even by fairly high paid employees is the point in consideration. The whole question of employee and employer or manager and worker or capital and labour relations is not solely a material question. In fact, it is a human question, which implies deeper processes like alienation. In organizational inertia or turbulence, there is somewhere an admitted or unadmitted urge for humane, democratic and creative values, as well as work culture.

The studies on modern organizations continuously focus on the relationship between the individual and organization without boldly touching the vital questions. The conflict is rooted in the process where the individuals seek greater autonomy to express themselves and the organizations search for new methods of control. This conflict takes different forms ranging from demand for better service conditions to challenging the basis of dominance. It was Clegg and Dunkerley (1980) who observed that in western organizational systems, there is always a combination of efficiency and control. It was pointed out earlier that in the event of a conflict between the two, what is sacrificed is efficiency and not control. Thus the main argument boils down to the question of dominance. The literature on organization theory or organizational reforms has no alternative to the dominance or hierarchical relationships as a governing principle in the institutional setup.

The western organization theory rooted in capitalist development is more suited to the growth-oriented development than the values of freedom, equality and dignity. The logic and nature of organizations is rooted in efficiency, economy, control and dominance. Within these parameters, the work is extracted from the functionaries. However, they have developed enough of ideological support and justification for organizational effectiveness for the purpose of which they are intended. In countries like India, the problems are different. There is an absence of work-ethic. The efficiency-economy paradigm does not operate, giving rise to widespread disillusionment with the organizational systems—both private and public. Why a set of human beings in a structured organizational setup do not work to the optimum level is a serious question. The western theory and practice developed in a specific historical and ideological context has been proving inadequate both to the understanding and improvization of organizations. Had the theory engaged itself in questions like the desirability of structured relationships, freedom vs. control, individual vs. group

activity, work as a means and as an end, then there would have been some possibility to get clues. This is precisely the reason why organizational reforms cannot look to the west for their philosophical sources and support. They have to advance theory and practice from their own experience.

ATTEMPTS AT ORGANIZATIONAL REFORMS

Against this theoretical backdrop, attempts made in India toward organizational reforms could be discussed. This would provide insights into the reforms, their causes and consequences. In addition, the crucial place of the state and structure of dominance are two other critical issues that should form a reference point to the discussion on organizational reforms in public organizations. The organizational problems in India arise not only from the need for efficiency and 'sound' structures but also from a historical 'hangover'.

The organizational origins and changes in India will have to be traced to the Kautilyan period and the entry of Mughals and subsequently of the colonial power. There were attempts at organizational reforms during these two phases. The basic thrust of Kautilyan model was revenue extraction by maintaining seemingly a legitimate political order. The needs of the Mughals and the British were not qualitatively different. However, while Mughal feudalism wanted the revenue for plunder and pleasure, British colonialism exploited the resources for profit maximization. Yet all the attempts were aimed at adding to the then existing system rather than altering the basic system. It was repeatedly pointed out that the system had changed through adjustments and accommodation and not through replacements. This explains the coexistence of layers of sub-cultures in the Indian organizational system.

The exploitative machinery that the ancient regimes developed and the additions that the medieval and colonial regimes brought about rendered the administrative machinery arbitrary and undemocratic. The exploitation by the colonial rulers reached a point where people started resenting and revolting. The most militant reactions to colonial robbery came from the tribals, then came the different forms of protests including the First War of Independence of 1857. This rebellion against the East India Company resulted in a number of significant changes in the administrative system. The far-reaching changes included introduction of Indian Penal Code and Criminal Procedure Code. These reforms brought in the notion of Rule of Law, which was totally new to the society where Manu Dharma based on graded punishment had been in vogue for centuries. The conflicting and contradictory perceptions continue to be one of the sources of problems in governance even today.

The freedom movement under the leadership of Gandhi could go

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for mass mobilization on a large-scale. It went on for more than two and half decades. Even though mass-movements normally set the society in motion, which in turn raises the overall level of creativity, it continues to be a puzzle that the freedom movement could not throw up creative and alternative forms of organization. The only alternative form of organization one witnessed was the Gandhian model, which did not enjoy the support of the party that he headed or the larger sections of society. The entire freedom movement got reduced to mere transfer of power. Once power was transferred, they hardly knew the ways and means of building new organizations. With the result, most of the colonial institutions were allowed to continue.

The Constituent Assembly, which sat for a couple of years to give a blueprint for independent India did not seriously debate about the changes to be introduced in the administrative structure. It is striking that Mughals introduced some changes and the British tried to improve on them in order to make the administrative system subserve their interests. The representatives of people of Independent India made no effort to change these administrative structures. In fact, the creation of All India Services—an incarnation of the Indian Civil Service—came about in less than ten minutes. There were only two interventions in the Constituent Assembly on this item.

After Independence, no political party bestowed attention on the question of organizational reforms. An analysis of manifestoes of different political parties on the question of organizational reforms indicates that while the parties did discuss administration, this was more by way of either extreme criticism or listing out the problems with the administration. No party ever thought of alternative forms of organization. It is puzzling that how little the political parties differ in their ideological approaches to the organizational system. This leads to an inference that almost all the political parties compete for the same social base and have no basic differences in development ideology. It is this common or identical perspective that prevented a creative discussion on the alternative forms of organization.

The reforms starting with Tottenham Report of 1945 to the Administrative Reforms Commission of mid-sixties, laid emphasis on the technicalities and not on the totality of structure. For instance the Tottenham Committee, prior to Independence (1945) suggested reforms like 'The secretaries should confine to scrutiny of proposals', 'Directors should be given more powers', 'Proper staffing of the directorates', and 'Division of secretariat into 25 departments'. The Gopalaswamy Ayyangar Committee after Independence (1949) suggested 'Dividing secretariat into 28 departments', 'Improvement in calibre', 'Improvement in methods of transaction', and 'Creation of O & M Division'. This was no different from Tottenham Report. The Gorwala Committee (1951) first attempted to diagnose the problems. As a part of the diagnosis; it stated 'Administrative machinery was

run down and its efficiency impaired'. It traced the causes to 'Delay and lack of personal touch'. It recommended for 'Separation of policy and administration', 'Delegation of powers to administrative Machinery', 'More junior officers than clerks', and 'A senior minister without portfolio'.

Paul Appleby (1953–56), an expert from the United States recommended for 'Increase in the number of deputy and joint secretaries', 'Change in procedure, imaginative rules, creation of O&M division, introduction of 'Modern files', 'Loose leaf and card files and cross indexing'. The recommendations of various committees appointed by the state governments are not qualitatively different from the other reports. The Administrative Reforms Commission of the mid-sixties was comprehensive but the nature and character of the recommendations did not touch the foundations of the system. There was no attempt whatsoever to examine the bases of organizational systems nor was there an attempt to examine the purpose and process of the organizations.

It is strange that no Administrative Reforms Committee has gone into the history of administration. An historical approach—typical of American methodologies—has come to characterize and dominate the administrative reforms effort. In a society where the hangover of history is so intense and widespread, to ignore it is to ignore the real questions. The reports did not raise moral questions as moral questions were considered to be located outside the purview of administrative domain. However, what is more striking is that recommendations of many of these committees have been ignored. In fact, A.D. Gorwala, who headed a Reforms Committee turned into a bitter critic of the system. His writings between 1955–58 bear testimony to this bitterness. This disillusionment indicates the failure of governments to push through reforms.

As the system was largely left untouched, the administrative institutions developed peculiar culture and working styles. The compromise that colonial masters struck with feudalism has a very significant influence on the organizational systems of the post-colonial society. It is widely noticed that some institutions are colonial in form and feudal in content; and some others feudal in form and colonial in content. This is the result of the nexus between colonialism and feudalism that has developed in India. For instance, as various wings of administrative machinery are still feudal and colonial in form and content, the gap between the legal norms and police practices is very wide. The documents of civil liberties organizations of 1990s contain details about the arbitrary and naked exercise of power by the police without any regard to the legal restrictions imposed on their authority.

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CONCLUDING OBSERVATIONS

It is this failure that has, in a large measure, contributed to the strengthening of the market-driven development model. The processes of liberalization held that bureaucratic controls be lifted as they stifled the productive forces. The emphasis on privatization has been on the ground that the administrative systems are incapable of directly participating in any productive activity and this has led to total disinvestment strategy. The forces of globalization maintained that the production system in India either public or private is retarded, as it lacks competitive impulse giving rise to the opening up of the market. This three-in-one formula has been pushed through without much of resistance. And this lack of resistance is largely a result of failure on the organizational front. As the cumulative societal experience with development has not been all that promising, it has given in to the tide of the economic reforms or structural adjustment. In the name of reforms, all the existing organizational systems are being 'successfully' dismantled. This is almost an end of public organizations with a dramatic shift from interventionist state to minimalist state; and growth with justice to growth for profit.

The questions raised in this chapter still remain unanswered. The basic questions being that how can human beings engaged in an extractive process or even productive process for profit derive meaning to their work, how 'competitive' ethic can lead to collective endeavour, does not this kind of approach lead to alienation of individual functionaries as they are pitted against one another, how can global and local organizations in competition provide a sense of social purpose. These are all issues, which have provided enough arsenal for the destruction of existing organizations but what is not clear is how the new and alternative organizations are going to be built. It appears that the sad story of organizational reforms has reached a tragic turning-point.

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22

Values and Institutions for Honest and 'People-Oriented' Administration: Towards a Synthesis of Western and Indian Approaches

— PRANAB BANERJI

The previous century witnessed phenomenal advances in scientific knowledge and technology. Economic applications of this knowledge caused hitherto unimaginable expansion in world output: '... the total amount of goods and services produced in the twentieth century is estimated to have exceeded the cumulative total output over the preceding human history'. Yet, spectacular growth in world output has scarcely benefited the vast majority of people. About 1.2 to 1.3 billion people are estimated to be poor, while the richest 1 per cent of the world population have income equal to that of the bottom 57 per cent (Milanovic, 2002). The Gini-Coefficient of world incomes is at a shocking level of 80 in current dollars and worsening. The world GNP per capita of about $6,500 is perhaps sufficient, if equitably distributed, to fulfill all basic requirements and cause human 'happiness'[1].

1. Based on Kenny, Charles (1999) 'Does Growth Cause Happiness or Does Happiness Cause Growth' *Kyklos*: 15. Kenny reports Diener and Diener (1995) study on basic needs. The authors construct a basic needs fulfillment index based on access to safe drinking water, infant mortality, life expectancy, per cent with sanitary facilities, and mean daily calorie supply. It is significantly related to income upto a GDP per capita of approximately $4000, but even this rather advanced list of basic needs then loses any significant correlation with income. Kenny's own findings show a positive relation between per capita incomes and 'happiness' (computed from survey results) upto an absolute income level of $5000. Gini-Coefficient. There exists a wide variety of summary measures for the magnitude of inequalities in health One specific indicator is the Gini-Coefficient, which, along with the Concentration Index, has been taken from the field of economics and applied to the study of health inequalities

Clearly, we have now the means to create a sustainable and equitable world, the question is, *How*?'

There are two broad approaches before the world today—the institutional and the psychological—the former is by and large emphasized by mainstream Western social philosophy while the latter is closer to the eastern, more specifically, Indian social philosophy. The institutional approach is firmly rooted in the assumption of a universal and unchanging 'economic man'; the operative principle of the latter approach is 'that man is essentially educable and not vile' (Ranganathananda, 1980). The institutional approach seeks to elicit socially desired behaviour from self-interested individuals through appropriate 'mechanism-designs'. The psychological approach focuses on transforming and elevating the 'person' so that socially beneficial behaviour follows as spontaneous and natural by-products. In this attempt, this chapter[2] emphasizes on human values. It identifies trends towards synthesis of institutional and psychological approaches, and draws some tentative conclusions. Although the subject has general and wider applicability, the chapter concentrates on institutions and values related to public administration.

THE INSTITUTIONAL APPROACH

The institutional approach has a long history, though its latest articulation is best seen in the policies of structural adjustment that international 'donor' institutions have been promoting since early 1980s. At the root of these changes, often called 'reforms', lies the belief that appropriate institutional structures are *necessary and sufficient* to make narrowly self-interested individuals to behave in ways that maximize social welfare.

Early examples of this view are to be found for instance, in Adam Smith's most famous quotation: 'It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love'. The institutional mechanism, which makes this possible, Smith's *invisible hand*, is what we mundanely call the market. A similar sentiment is found in Hume (1767): '... in contriving any system of government ... every man ought to be and be supposed to be, a knave and, to have no other end, in all his actions, than his private interest'.

The recent and more sophisticated forms of this approach draw, *inter alia*, upon (a) the neo-classical view of the market, (b) developments in information economics, and (c) new-institutional economics.

2. The chapter is based on the paper presented by the author on 'Towards Quality Governance for Sustainable Growth and Development' at the International Institute of Administrative Sciences (IIAS) Conference held on Nov. 5–9, 2002.

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This approach is well-illustrated by the title of the World Development Report 2002: *Building Institutions for Markets*. The opening quote in the Report, taken from a leading new institutional economist, highlights the main issues involved: 'How do we account for the persistence of poverty in the midst of plenty? If we know the sources of plenty, why don't poor countries adopt policies that make for plenty? ... We must create incentives for people to invest in more efficient technology, increase their skills, and organize efficient markets. Such incentives are embodied in institutions'.

Market Institutions

The institution, which is best able to synchronize private interests and social welfare, according to mainstream ideology, is the stylized competitive market. Such a market consists of a large number of individual economic agents with perfect knowledge of their requirements and of the economic environment and endowed with exceptional 'rationality' to utilize all information so that each person behaves optimally in his singular pursuit of subjective utility. Such a market, under some rather restrictive assumptions, is expected to maximize social welfare in the sense that it is not possible, under given constraints, to increase the utility gain of even a few without reducing it for others. Free markets are therefore seen as efficient in the above defined sense. In such a theoretically constructed state, not only is the government redundant, but may be positively harmful, if it tampers with the working of the market.

Actual markets, however may deviate from the hypothesized market in critical aspects and these deviations may lead to 'market failures'. Mainstream economics identified the cases of 'externalities', 'public goods', 'imperfect information', 'monopoly' and 'imperfect competition', etc., where the predicted results were not 'efficient'. The rationale for state intervention largely came from the theoretical results of market failure. The last few decades have, however, witnessed another swing of the ideological pendulum.[3] The proponents of 'government failure', building on the basic premise of self-interested individuals comprising the 'stuff' that governments are made of, have highlighted that such agents may not only be influenced to act in the interests of powerful groups (regulatory capture) but may indeed use governmental functions to feather their nests (rent seeking activities).[4]

3. For a survey of theoretical bases of this shift: see Chang (1997) 'The Economics and Politics of Regulation' *Cambridge Journal of Economics*, Vol. 21. H.J. Chang dates the beginning of the shift as the decade of 1970s.
4. The phenomenon of *regulatory capture* means capture of regulators by the regulated. By 'capture' is meant behaviour active and passive, by responsible authorities. By 'regulatory' is meant the widest class of professionals and authorities within corporations, organizations or jurisdictions holding formal

The 'solution' suggested again is limiting the role of the state in economic matters through privatization and contracting out. Further, market-like arrangements stressing, for example, competition within the governmental system, are expected to promote 'efficiency'. Such prescriptions have accompanied efforts to make the markets more 'efficient' through new institutional mechanisms like 'franchise auctioning'[5] for natural monopolies, clearer and marketable property rights to reduce externality problems[6] which, in the context of developing countries, has also meant legal reforms not merely to free markets. *Market-like arrangements*, possibly like free markets, 'reduce the need for compassion, patriotism, brotherly-love and cultural solidarity' (Bowles, 1998).

Information and Behaviour

Another strand in the current 'institutional' prescription draws upon developments in information-economics, where the problem of appropriate bureaucratic behaviour is often modeled as a principal-agent problem. The literature on administrative corruption draws heavily on this.[7] The problem again is 'How to develop appropriate institutional mechanisms so as to elicit *honest behaviour* from intrinsically dishonest persons (administrators)?' In these models, the meaning of 'self-interest' is broadened and deepened to include what is called 'self-interest with guile' and includes dis-values like shirking of work, betrayal, fraud and bribery. The agency problem is then concerned

footnote 4 continued

administrative cum legislative cum ethical responsibilities for maintaining accountability within those units of society, community and government. Simply put, when a regulatory agency brushes aside the common good in favour of private interest or some special groups, then it is guilty of capture. Adam Smith divided income into 3 types—profits, wages and income. Rent is money paid for the use of a capital asset. Thus, it is natural for people to want income from rents rather than principally from profits or wages and want rents that involve the least risk and labour as enterprises. This motive is called *rent seeking*. Those who collect rents in an economy serve the valuable function of seeking to maintain and preserve capital assets.

5. Franchize bidding schemes are attracting new interest as a solution to the natural monopoly problem, a solution that avoids some of the pitfalls of traditional regulation or nationalization. In franchize auctioning, any government task, be it construction of highways, maintenance of public parks etc., could be given or auctioned to the non-government or private sector, which then builds, finances and operates the task. The users could be asked to pay for the services offered. Such types of franchizing prevent the building of white elephants since private firms do not want to lose money over such ventures.
6. Originates from Coase. See: Coase, R., 1988, *The Firm, the Market and the Law*, University of Chicago Press, Chicago
7. For a survey of literature following this line, see: Bardhan, Pranab, 1997, *Journal of Economic Literature*, Vol. 35. Of course, the literature on the agency problem is vast and administrative corruption encompasses only a small area of its application and is presented here only as an example. Another important area of applied agency theory is that of 'incentives in organizations'.

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with the design of an incentive mechanism by the principal so that the agent acts in ways, motivated by self-interest, which the principal desires, but which he is unable to enforce, or even accurately monitor, due to information asymmetries and unenforceable contracts.

In the context of 'honest administration', the problem is to alter the incentive-disincentive mechanisms facing the administrator in such a way that the expected gains from honesty are greater than the expected gains from corruption. In the words of the former Chief Vigilance Commissioner of India, N. Vittal 'Corruption in India is a high profit low risk venture. The task is to make it high risk and low profit'. This may be achieved, to take an example, by offering high pay package, increasing the punishment and tightening administration so that the likelihood of detection and conviction increases. To take another example, transferring information from the private domain to public access through greater transparency, etc. may perhaps help in ameliorating the agency problem, which conceptually is rooted in 'private information'. Institutional reforms to reduce governmental intervention in the market is also seen as a method to reduce corruption, especially when such corruption is viewed as rent-seeking. Thomas Hobbes[8] had once said, 'Unnecessary laws are not good laws but traps for money'.

Opportunism, Transaction Costs and Institutions

The theme of this approach is that since the individual is self-interested with guile, he will cheat, renege, etc. if he can get away with it and if it is in his interest to do so. Trust is therefore critically absent between individuals. Further, the future cannot be completely anticipated and all contingencies cannot be insured against. Institutions have therefore many contractual arrangements to guard against opportunistic behaviour under unforeseen contingencies. The theory predicts specific types of contractual arrangements likely to arise under the combined influence of three factors: (i) asset-specificity, (ii) frequency of transactions, and (iii) degree of uncertainty (Williamson, 1985). The forms of institutional/contractual arrangements may range from unified governance to markets, with relational and trilateral contracting being the intermediate forms. The approach may be useful in prescribing the types of services, which could be contracted out in the process of 'reforms' and in rationalizing the need for hierarchical organizations when markets fail due to limitations of foresight, incomplete contracting and the ever present threat of opportunistic behaviour. In other words, institutions other than

8. Thomas Hobbes is a seventeenth century British Philosopher. He wrote the social contract theory of state. His major works include *Leviathan* (1651), *Element of Law, Nature and Politics* (1640), *Human Nature* (1650), On *Matter* (1656), *and Man* (1658).

markets may be necessary, at least in part, to overcome the problem of untrustworthiness.

THE PSYCHOLOGICAL APPROACH

The psychological or value-based approach differs from the institutional approach in two fundamental ways. *First*, it rejects the notion of a psychologically static and universal 'economic man' and allows for the possibility of the development of the narrow self-centred individual to one progressively endowed with human values of trust, altruism, commitment, etc. *Second*, it rejects the institutionalist assumption that institutions are sufficient to elicit the required behaviour. In fact, it even questions the sustainability of institutions unless backed by appropriate values held by the generality of men.

Values as Institutional Foundation

One of the earliest explicit statements of the institutional foundation is to be found in Vivekananda's famous chastisement of Indians in 1897: 'You may make thousands of societies, twenty thousand political assemblages, fifty thousand institutions. These will be of no use until there is that sympathy, that love that thinks for all. You go on imitating the Europeans and their societies and their assemblages ... which have the rock-foundation of love, for them at least. Where is the heart here to build upon? No sooner do we start a little joint-stock company than we try to cheat each other, and the whole thing comes down with a crash. You talk of imitating the English and building up as big a nation as they are. But where are the foundations?'

Institutions, according to this view, comprise human beings and relations among them and only a part of the latter is defined by laws, rules and regulations. It may be impossible to separate values from institutions and the old institutional economists, in fact, defined institutions as 'settled habits of thought common to the generality of men' (Veblen, 1899). This definition may be equally appropriate for 'values' and may pose serious difficulties for the institutional approach. To take an example from the literature on administrative corruption, it may be impossible to design an appropriate incentive–disincentive mechanism purely based on rules and regulations. The incentive system faced by an administrator must include the values of his compatriots and his seniors. If the seniors and most around him are corrupt, it will not pay to be honest. So the ethical distribution within administrative agencies are important elements of mechanism design as are the quantum of salary and the severity of expected punishment (Bardhan, 1997).

The idea of ethical distribution of individuals is attributable to the poet-king Bhartrihari who wrote 1300 years ago; an idea that is

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pregnant with possibilities for today: 'There are some *sathpurusas*, good people, who engage themselves in the good of others sacrificing their own self-interest; the *samanyas*, the generality of people, on the other hand, are those who engage themselves in the good of others so long as it does not involve the sacrifice of their own self-interest. There are those others, the *manavarakshas*, devilish beings, who sacrifice the good of others to gain their own selfish ends; but alas, what am I to say of those who sacrifice the good of others without gaining thereby any good to themselves or to any one else!'. (Ranganathananda, *op. cit.*)

The categories based on 'other-regarding' values and behaviour, may be translated into (a) the altruistic, (b) the enlightened self-interested (c) self-interested with guile; and (d) the morally demented. The distribution of various ethical types in a society have profound effects on the functioning of society; e.g. criminalization can render institutions of governance ineffective. But what is of more immediate concern here is the distribution within institutions of governance. This is so because the bi-variate distribution of power and ethical types can severely affect not only the quality of governance but also seemingly unrelated factors like economic growth, investment and innovation (Mauro, 1995).

The value-based approach therefore calls for special care in the selection into administration and on the continuation in service of selected candidates.[9] It also stresses on investments in value-education and training. The set of values, which the administrator is expected to progressively imbibe has been called the 'rajarshi' ideal. The essence of this ideal is the view that inculcation of the spirit of public service in administrators brings the double benefit of social welfare and individual advancement. The approach has been elaborated by various thinkers (for example in the lectures of Ranganathananda, *op. cit.*) and has been formalized in training modules of Indian Institute of Management, Calcutta.

The value-based approach differs in another fundamental way from the institutional approach. In the explanation of human behaviour, rationality in the sense of use of intellect as a guide to decision and action, is given a secondary place in the value-based approach. The economic man, in contrast, is a mathematical optimizer. In this aspect, the value-based approach is akin to institutional economics of the older variety. But whereas the old institutional economists laid stress on instincts and habits, the value-based approach stresses emotions, attitudes or values, and mental states. In fact, rationality is seen as an instrument and not as the direction setter. Mere knowledge is static; it has no motivation. It requires the motivational

9. Exclusive reliance on intelligence and knowledge without any consideration for values may lead to adverse selection. Many believe that this may be happening in the higher civil services in India

forces of emotions, sentiments and values to be channelized into either 'other-regarding' or narrowly selfish activity. The value-based approach therefore puts great emphasis on the 'purification' of emotions, sentiments and attitudes.

Ethical Development

A heroic and profound assumption of the value-based approach is that the ethical development of a person is as real and as possible as his physical and intellectual development. In fact, without this ethical development, the intellectual development is fraught with danger. This development has been presented in various ways: from 'self' to 'SELF'; from 'pettiness' to 'dignity'; from 'the unripe' to 'the ripe' ego; from 'individuality' to 'personality', etc. Whatever be the nomenclatures, the approach is essentially optimistic with a deep respect for the innate goodness in a person. The unfolding of this goodness has been termed 'the science of human possibilities' (a phrase coined by Julian Huxley, but adapted to the context by Ranganathananda, *op. cit.*).

In the specific context of administration, the assumption is that it is possible for administrative functionaries to rise above the tyranny of the three Ps—pay, prospect and promotions—and inculcate a spirit of service, develop imaginative sympathy, impersonal loyalty and efficiency in action. The transformation of the petty-minded, insensitive and callous bureaucrat to one endowed with efficiency, concern and dignity is possible through the adoption of a right philosophical approach, which links individual benefit—now conceived in a non-material and profound sense—to social benefit (Chakraborty, 2001). The social milieu and the work place are seen as the necessary context for a more humane development. This is the 'rajarshi' ideal, which seeks to combine spiritual development with socially beneficial action.

TOWARDS A SYNTHESIS OF INSTITUTIONAL AND PSYCHOLOGICAL APPROACHES

Though seemingly contradictory, the two approaches, surprisingly, are finding several meeting grounds in recent years. One such area is to be found in the now influential theory of *social capital*.[10] Though the term has been used to signify various concepts, the predominant ideas relate to trust and capacity for collective action. This capacity for collective action is very different from Mancur Olson's (1971) use of the term, as it is based on human values and not, the result of

10. A large volume of literature has grown since Robert Putnam's landmark work (1993) on Social Capital.

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optimizing behaviour of 'economic man'. The number of studies, which have focused on the links between governance and social capital is considerable. Though mainstream economics views the term 'social capital' with suspicion, if not contempt, it has still been forced to recognize its importance (Sobel, 2002). Our discussion and even a cursory study of the 'social capital' literature enables us to appreciate that human values and even ideas of ethical distributions in society, though alien to the western mainstream social philosophy, may soon get incorporated in the future analysis of governance issues.

Another area in which the two currents occasionally overlap is the practical sphere of Structural Adjustment Programme. The failure of market-based reforms in many cases have catalyzed investigations into the social and political foundations necessary for modern markets to function.[11] Such enquiries have already led to identification of concepts like 'generalized morality' as pre-requisites for even the markets to perform effectively.

On the other hand, there is a growing realization in developing countries that existing governmental structures have proved inadequate in meeting citizens' expectations. Elements of New Public Management are being increasingly tried out. This is primarily an institutional approach, but not entirely so. It also signals a change from administrative attitudes derived from a colonial-feudal legacy to one that is service-oriented in its outlook. To conclude: it may no longer be true that the 'east is east and the west is west and never the twain shall meet!'

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11. The best reading here is Platteau (1994), "Behind the Market State where Real Societies Exist" *Journal of Development Studies*, Vol. 30, Nos. 3 & 4. Recent World Development Reports have shown greater awareness of the problem and the prescription has perceptibly shifted form free market alone to governance, institutions and values (e.g. increasing concern with corruption) as equally important areas that need attention.

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23

From Legal-Rational to Moral-Legal-Rational Bureaucracy: A Case Study of a Civil Servant

— P.M. Sowjanya and G. Haragopal

S.R. Sankaran as a civil servant, eschewed the elitist man-on-the-horseback style and the status-oriented administrative culture inherited by the ICS that distanced the masses to create a new administrative ethos, which responded to the poorest of the poor. He enriched every office that he occupied. In his three and half decades of administrative service, he was closely associated with the welfare of the poor. Even after his retirement in 1992, he has been vigorously involved in addressing the problem of poverty and deprivation in the country and has also initiated the formation of the Committee of Concerned Citizens[1]. Academicians, students and administrators are all inspired by his humane appreciation of the problems of the poor and his radical thinking on the issue of economic development of the country.

It is striking to learn that even after a span of twenty five to thirty years, the beneficiaries recall the memories of Sankaran's

1. The Committee of Concerned Citizens (CCC) is an independent group with a self-imposed moral responsibility of establishing an egalitarian social order and enhancing the democratic space. *In search of democratic space* is a comprehensive documentation of the reports of CCC, which carries a dialogue with CPI-ML People's War Group and the Chief Minister of Andhra Pradesh. Committee of Concerned Citizens consists of S.R. Sankaran, IAS (Retd.), K.G. Kanabhiran, National President of PUCL, Prof. G Haragopal, Prof. D. Narasimha Reddy and B. Chandrasekhar Rao of the University of Hyderabad, Potturi Venkateswar Rao, veteran journalist and also Shri Akhileshwari from the media, Prof. K. Jaya Shankar, former vice-chancellor, Kakatiya University, Kodhand Ram Reddy, Associate Professor, Osmania University, Bojja Tarakan, Senior Advocate and renowned dalit leader, P. Janardhan Reddy, former MLA from Karimnagar District.

pro-poor activities with intense emotions and gratitude. Sankaran's name has become a household one in Nellore district.[2] The respondents, both beneficiaries and officials, have enriched the study on which this chapter is based, through their deep involvement in the subject of inquiry, as well as their zeal, respect and affection towards Sankaran's administration. The authors have tried to understand the phenomenon in its larger context and also as a part of administrative continuity. The question as to how has Sankaran brought a paradigmatic shift in the administrative work-ethics is studied using empirical resources drawn from beneficiaries and colleagues during his tenure in various capacities. The attempt is to bring out the findings of the research in this chapter, which seeks to comprehend Sankaran's model of civil service—a product of welfare administration—as an exceptional style thrown by indigenous culture and social context. This goes beyond the Weberian model of bureaucracy suggesting that Weber's typology is not all that exhaustive.

THE BACKDROP OF INDIAN ADMINISTRATION

Indian administration today is a product of history, in fact, an amazing continuity of history. It has the heritage of Kautilya, Ashoka, Akbar, Shershah Suri and the British colonial administration; the last being the latest has made the deepest impact on Indian administration. It is on this model that the administrative system of India has been built; basically a model of force and extraction of surplus. The other models also continue to haunt the Indian administration till date. The Kautilyan model was based on certain premises, which were rooted in inequalities and tended towards unequal or graded treatment of human beings. This is seen in caste hierarchy and religious legitimacy. But, besides engaging in the extraction of surplus, and maintenance of law and order, the Kautilyan model did talk of taking up some public works. Indeed, Kautilya exhorts the king to pay attention to the welfare of his subjects. Kautilya can be regarded as one who presented a model, which is extractive, but still combined if with a dose of welfare.

Ashoka's paternalistic attitude is expressed in the remark, 'All men are my children'. He desired the welfare of his subjects in the same way as he would that of his children and rightly regarded their welfare as his responsibility. He was always in personal contact with his subjects to secure greater welfare for them, this in part, accounts for his undertaking of extensive tours throughout his empire. His edicts depict that new developments in administration for the well-

2. Nellore district was chosen for the study because Sankaran has worked as the Joint Collector (1963) and District Magistrate of Nellore (1968–69). As head of the district, he did yeoman service to the poor. To study the sensitivity and competence with which Sankaran piloted the work on the abolition of bonded labourers, Medak district was chosen as it had the largest number of bonded labourers in 1976.

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being of the people were undertaken. He abolished discrimination of caste and position in ordering punishment (Thapar, 1992). Ashoka's administration, ingrained in 'Dharma', could be regarded as a programme of social welfare, which in the 20th century parlance is known as 'welfare administration'.

The feudal administration of Mughals during the medieval period extracted the revenue for plunder and pleasure. The examination of the working of their administrative machinery, would reveal that the entire setup was meant to protect the interests of the emperor rather than the good of the masses. If the Mughal emperors were particular about protecting the peasants, it was only because they wanted the cultivators to be capable of producing and thereby providing the means to meet the requirements of the ruling class. The reforms introduced by Shershah Suri and Akbar were more by way of plugging the leakages and improving the efficiency of the system in revenue collection by tightening the coercive apparatus to control the rural peasants and cultivators rather than enhancing the people's welfare. This does not, however, mean that there were absolutely no welfare considerations. Regulatory and welfare roles can be witnessed in varied forms in Indian history.

The colonial power, which entered India in search of profit and business did not destroy the basic structure but improvized it to suit their own purpose. The centralized British administrative system exuded the predominant feature of a superiority complex in its aloofness from the general public. Colonialism, because of its mission, deepened and sharpened the coercive apparatus of the state in the process of extraction of the surplus, gradually destroying the productive processes. To legitimize their roots, the colonial masters introduced educational and legal system, which oriented to produce clerks and lawyers for administration to keep the administrative and judicial system going. It created a class of people who were 'black in colour but European in thought'. All attempts at reforms were directed or aimed at perpetuating the existing system, rather than altering it in anyway. However, they created a new set of officers who not only wielded power and worked as a source of their power, but were also agents of the supposedly welfare regime.

The arbitrary and undemocratic state power exercised through bureaucratic apparatus coupled with enormous economic backwardness on the one hand and growing consciousness of the people on the other gave rise to the anti-colonial freedom movement. But the freedom movement did not throw up any viable alternative form of organization except the Gandhian Model, which had no social base, whatsoever. The entire freedom movement got reduced to mere transfer of power. Once power was transferred, the lack of clarity about the administrative institutions became our legacy. The Constituent Assembly, which sat for two years to give a blue print for

independent India, did not seriously debate about the changes to be introduced in the administrative structure, even though it redefined the goals of the polity.

Mahaveer Tyagi who participated in the deliberations of the Constituent Assembly rightly observed 'that the country fought not against the British but the bureaucracy and people wanted to be free from it. Now the very same bureaucracy stands as it is'. He emphasized that, 'government should not be allowed to run by persons who are mercenaries, who come and offer their intellectual talent on line'. His words, however, had no impact on the Constituent Assembly. The administrative system remained, by and large, untouched. Yet, the Constitutional spirit seems to have thrown up individual civil servants here and there who have made a difference. S.R. Sankaran is one such offshoot of an egalitarian vision.

This is evident from the way Sankaran looked at the administrative system. When a large number of civil servants entered the service drawn to the aura of 'pomp and power', which had made it a heaven-born service that provided a comfortable living, good pay, prestige and power, Sankaran entered the portals of government considering government service with virtues—as it was identified with service to the people. The civil service, says Sankaran 'forms an important part of the institution of the state and plays a crucial role in the administration of the country. It has to carry out tasks in terms of the Constitutional mandate and the legal framework. A stable body of experienced and competent permanent officials in diverse fields, it constitutes an elite corps, with the vast authority vested in it, to be exercised in public interest for achieving public policy objectives'. He further adds, 'the effective and imaginative implementation of laws in favour of the poor will itself go a long way in securing their rights'. Since Sankaran lived by this vision, he practiced humane value system and demonstrated an abiding concern for the empowerment of the vulnerable segments of the society.

Besides moral responsibility, as a civil servant, he upheld the Constitutional obligations to implement various Acts and policies both in letter and spirit, for the amelioration of the deprived sections of the society. Through his pro-poor intervention and pioneering work in designing and delivering anti-poverty programmes, he brought out striking changes in the lives of the poor that came under his ambit. One of the measures initiated by the government soon after independence was the programme of land reforms. The distribution and redistribution of land in favour of the poor was not only a step towards egalitarian end, but it also aimed at empowering the rural poor. As a part of this strategy, he gave attention to several land related programmes.

Sankaran motivated the administrative personnel to identify the types of land i.e. (homestead farms, tankbeds of Nellore—unreserved

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forestland) and involved them in distribution of land. He was uncompromizing in his approach towards implementation of land reforms. Resistance from the landlords was met with police force and Sankaran ensured that it was occupied by the allottee. People's faith and confidence in the administration headed by him could be seen in this reverent anecdote; whenever the tribals were harassed by the district forest officers, who ordered them to either bribe or vacate forest land, their command was met with a humble response: 'this is government land allotted by Sankaraiah (that is how he was called by the poor), please send him, he will show us the boundaries'. There have been instances of issuance of pattas late in the night to avert threats and encroachment by the landlords. Large tracks of land were distributed to the scheduled castes and scheduled tribes in almost all the villages, cultivable lands were not only distributed but irrigated by various means—wells were dug and bores were sunk. Many pipelines and water supply channels were connected to the fields, canals were dug, lift irrigation appliances like oil engines and motor were also supplied, thus facilitating land based development.

He also helped the nomadic tribes (Yanadies-Erukula) in shifting their settlements. These settlements were also connected by the roads. These new colonies were named as—Gandhi Girijana Colony, Sankaran Colony, Sankaran Veeraraghavapuram, Gandhi Jana Sangham, Girijana Colony, etc. Sankaran's administration laboured hard on matters of concern like human dignity, accessiblity to basic amenities—food, shelter and drinking water. Harijans and Girijans were provided vocational training in fields like driving and mechanics, loans were given to educated unemployed youths to start some petty trade and business, rickshaws were provided to rickshaw pullers to eke out a living, and some students were also sent for higher education out of Sankaran's own resources.

As a part of his mission, he took up the temple entry programme. Jonnawada Kamakshamma Temple is the famous temple in Nellore district. Harijans and Girijans had been prohibited from entering the temple since time immemorial. His coming saw the lifting up of the taboo and the right to enter the temple was asserted. In Sriharikota, Mudalliars used to forbid the entry of Harijans into temples and public places. He convened 'Harijan Day', enlightened them on human dignity and the consequences of practicing untouchability. These instances serve as examples of how state institutions bound to the Constitutional values can mitigate human suffering and enhance human dignity.

Sankaran, because of all these endeavours earned the reputation of being the 'poor man's collector'. His intensive and extensive touring, and the personal attention that he gave to the problems of the poor attracted young and old, politicians and officials alike. On several occasions, he paid from his own resources for his food and return journey from the poor villages. Accessibility is one of the remarkable features of Sankaran's model: 'hundreds and hundreds of people met him every day at the collectorate, his bungalow or at the places of his visit'. He encouraged the public who approached him and listened to each one's problem. There were no specific timings or appointments to meet him. One could just walk into his chamber. To the less privileged, he was more of a friend or a relative than a collector. This unusual accessibility enabled him to organize the poor on a mass-scale and political leaders went along with him to tap this massbase. Sankaran, this way, could also involve the political leaders in helping the poor. He confronted and contended undue and unhealthy political interference with great courage. Transfers and postings (swords in the hands of the politicians to punish the unobliging administrators) did not matter to him.

SHAPING POWER FOR RESPONSIVE ADMINISTRATIVE CULTURE

Sankaran's unfading humane mode of behaviour is reflected both in policy making and enforcement. As civil servants reach the higher echelons of bureaucracy, particularly at the centre, they become prone to negative disposition due to political climate and contaminating interface with politicians of higher rank, 'power' and 'money'. Not only do they maintain undue political contacts but boast of their familiarity with front-rank politicians. In contrast, Sankaran's humane mode of behaviour and unique traits like integrity, transparency, and inspiring personal practices have generated positive power, which could influence or determine decision-making at all the levels. In other words, throughout his service, he was able to shape power to serve moral purpose.

Serving as Special Assistant in the Ministry of Steel and Mines (1969), he was instrumental in the nationalization of the coal mines. He observed that there was no evidence of any sustained efforts on the part of the private collieries to improve the working conditions in the mines and act upon labour laws. He felt 'an integrated development of coal reserves with due regard to long-term public interest was possible only under the public sector'. This adequately reflects his clarity of approach to development and change. As Secretary, Social Welfare Department, Government of Andhra Pradesh (1968–76), (1984–87), he endevoured for substantially increasing the quality and quantity of government assistance to the weaker sections. His administration did not loose sight of the scheduled castes and scheduled tribes and the place of the poor in the developmental agenda of the nation. But for his initiative and persistence, Andhra Pradesh state would not have perhaps had such a widespread network

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of social welfare programmes. The sensitivity and commitment with which the work has been pioneered on the abolition of bonded labour is marked as a watershed in the administrative history of Andhra Pradesh.

His inspiring administrative leadership has gone a long way in not just implementing the Bonded Labour Abolition Act, but has engendered deep consciousness among the poor to assert their rights. As a part of this exercise, he toured extensively, campaigning on 'Jeetham Bundh'. The sustainable relief approach given to the released bonded labourers had a lasting impact on the identification of the bonded labourers. Provision of loans for food grains formed immediate relief measures. Rehabilitation included allotment of house sites and agricultural land, community wells, milch animals and protection of civil rights. Sankaran was an exceptional administrator who could see the welfare programmes as an integral part of larger developmental and transformative process.

He was also instrumental in facilitating the establishment of schools and hostels for the children of bonded labourers. His administration saw rehabilitation of the 'Jogins'—a system perpetuating the exploitation and dehumanization of girls and women belonging to the poorer sections of the society. The helpless people, regarded him as the incarnation of God. *Trikarnashudhi*, *Saint Xavier*, *Saint Loyolla* are some of the popular expressions given to him in recognition of his services. In lasting memory of his selfless service, people named their colonies, village houses and children after him. This may, at one level, sound feudal, but these modes of remembering could also be rooted in a far more positive relationship. Perhaps, it is one example where the old modes acquire a new and different meaning altogether. His overall approach is so exceptional that his style cannot be easily fitted into the classical Weberian model (the legal-rational type). It continues with the traditional and egalitarian forms rendering his type of bureaucratic model somewhat different.

TOWARDS AN INDIGENOUS MODEL OF CIVIL SERVICES

The administrative attributes of Sankaran unfold an administrative style, which does not fit into any of the familiar administrative models. His unique traits include simplicity, accessibility, transparency, accountability, humane supervisional methods, altruism, futuristic vision, emphasis on purpose rather than process, spot-decisions, willingness to take risk, freedom from the negative influence of power and hierarchy, motivation, respect for human dignity, and sensitivity to ethics. These characteristics coupled with absence of domestic commitment as he did not opt for matrimony

made him stand out in whatever he attempted. This rendered his style humane and can be characterized as 'empathetic model'. The other patterns being 'egoistic', 'pragmatic', 'lumpen', and 'compradore'.

The *egoistic* bureaucrats are rooted in the pre-colonial legacies. They are arrogant, boastful and aggressive towards the people and their subordinates, but submissive and ready to do anything to please the masters. They indulge in tale carrying and work against other colleagues. These egoistic and self-centred functionaries employ all means and exploit all avenues for self-advancement. They may even subvert the organizational structures and plunder the public resources. They cling more to the form than the essence of administrative rules; one of the devices to delay the matters and demonstrate their importance. They do not hesitate to abandon all the legal-rational and institutional norms. This model prevents the emergence of legal-rational bureaucracy.

The *pragmatics* are based in the capitalist-bureaucratic mode of development. They are hard working and their main concern is to sincerely carry out the job assigned to them. Such bureaucrats derive their support from *Dharma*, which preaches 'Do the Duty'. They are also dynamic and even innovative. They are an asset to their political and administrative bosses, but may not be very useful to the larger masses. They may bend the rules but would not abandon them. This model is closest to the Weberian bureaucratic rational model.

The *lumpen* and *compradore* bureaucrats, on the other hand, are rooted in either the distortions of capitalist development or the increasing integration of India with the global economy. These bureaucrats are corrupt, opportunistic, manipulative and cunning. They lack human values. They flout the rules or intercept them according to their personal convenience. Frequently, they apply one rule to themselves and quite another to others. They carefully build and maintain their linkages. They rise very fast to high positions without any credentials or qualifications. They always remain close to the power centres. This model is becoming increasingly visible in administration at all levels today. The bureaucrats of the *compradore* model are jet set to move out to greener pastures in foreign lands. Their tribe is increasing in the wake of economic globalization. The sole motive of such bureaucrats is to manage plum appointments for themselves in various world bodies and international inter-governmental agencies (Haragopal and Prasad, 1990).

The *empathetic* bureaucrat model is fully committed to the country's Constitution and does not negate the established laws and rules of the service. The roots of this model lie in the welfare or socialistic consciousness, deriving its support from humanitarian values. These type of bureaucrats are hardworking, sincere and sensitive. They live a modest life and believe in honest living; their concern for the poor can be quite embarrassing to the political system

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whose commitment to the poor is only at the level of rhetoric. This style goes beyond hierarchy, rule and file, self and ego. It seeks to bridge the existing gap between the state and civil society and in completing the task of putting the Constitutional socio-economic structure in its place.

The *empathetic* model challenges Kautilya's deep suspicion that no administrator can escape from being corrupt just as a fish cannot escape from swallowing the water. It urges for genuine people's movement to make the repressive state more responsive. It is this concern, which made Sankaran (who is the reference to the said model) to initiate the Committee of Concerned Citizens (CCC) in 1998 after his superannuation from the service. The Committee is a body through which he has been continuously striving to democratize not only the state but also the civil society and the people's movement. The CCC is one of the prominent democratic voices in Andhra Pradesh today. It is essentially an independent collective of individuals sharing a common concern on the climate of violence, brutalization, insensitivity and suffering prevailing in the state, particularly in Telengana district in the context of the three decade old Naxalite movement and the state's approach in dealing with the issues. It is directing its efforts to break away from the 'chicken or egg' kind of arguments on violence to deal with it from a different perspective, and create a new set of terms for democratic debate.

The Committee has assigned to itself the task of bringing people's aspirations and the right to live with dignity into the Agenda of the Naxalite movements, and governments. The ongoing peace initiatives between the People's War Group (PWG) and the government could be attributed to the efforts of the Committee. Sankaran's intervention to attempt for a negotiation between the PWG and the Government of Andhra Pradesh is the first of its kind in the three decades of Naxalite movement in the state. It indicates the legitimacy Sankaran has enjoyed from the state, civil society and people's movements. It further indicates how in the absence of legal-rational authority, the 'moral' penetrates into the society. The intervention move, which includes the actor, activity and the whole negotiating dialogue is an event, which is widely debated in Andhra Pradesh, sensitizing large cross-sections of the society. In other words, the moral is also legal and rational. It is this aspect that Weber did not encourage and to that extent, his typologies lack universal validity.

WEBERIAN TYPOLOGIES RECONSIDERED

Sankaran's style is not a negation of Weberian legal-rational typology, but goes beyond the boundaries of the Weberian form of behavioural mode. This brings in merit, but moves beyond the neutrality and even

the principle of anonymity. It is a form where the administrator commits himself to a longer humane and democratic course. The direction that the authority vests in the position is wielded in favour of the poor. In the case of several administrators, this is the other way round. The power used in favour of the privileged and powerful appears to be natural, as it does not challenge the given order. By the same logic, any decision in favour of the poor is interpreted as partisan, biased and subjective. This is the reason why the civil servant in the latter case has to make a conscious moral choice and prescribe standards to himself so that his behaviour is consistent with the legal standards and at the same time does not blatantly violate them.

The middle class, particularly the techno-managerial class, which does not own the capital nor is engaged in the direct material production is best suited for subserving the needs of capital and power maintenance. This is precisely the reason why merit is defined in apolitical and moral terms. In order to further ensure neutrality, Weber emphasized an impersonal approach in performing the tasks of the bureaucratic organization. In terms of legitimacy of power, Weber extolled the virtues of bureaucracy as its locus is in the legal-rational authority. The concept itself indicates that what is legal is also rational. Weber was right when he stated that the other forms of authority, viz., traditional and charismatic are non-rational, if not irrational. The question that arises is whether the legal and rational concepts are necessarily positive and developmental. Max Weber also avoided this moral question, for capitalism can always be justified on legal and rational but not on moral grounds. The legal-rational authority is definitely far superior to the other feudal forms of authority, which are both coercive and arbitrary.

Administration for Weber is synonymous with 'power', 'authority' and 'domination'. And the conflicts, as far as organizations are concerned, are rooted in power and authority and the entire domain of ethics revolves around the conflicts. Power is the pursuit of the individual to influence the behaviour of the other. This leads to hierarchical equations, causing perpetual tensions in interpersonal relations. In the moral-legal-rational authority, driven by a social purpose, power gets humanized. Once power acquires a human face, the goals of the organization get elevated to a higher order. In such an order, attitudinal conflicts either do not occur or get submerged in the long-drawn processes. Their moral sensibilities and human concerns provide a counterbalancing force to the authoritarian and conflicting influence of power. In fact, they enter the portals of organizations identifying the same with service to the people. They hold the 'public office' with a deep sense of devotion and dedication more as trustees than as 'authorities' in the Weberian sense. It is this alternative approach that generates not only positive power, which is

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used for enhancing the space for the poor, but is able to do it with unusual effectiveness.

If this model becomes prominent as a result of innumerable struggles of the poor, then Marxian ideological position on 'bureaucracy, as a part of the state apparatus ingrained in society; acting as a mechanism for perpetuation of class exploitation' would call for reconsideration. However, given the context and conditions, such a historical development seems to be a distant possibility.

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24

Right to Information: A Key to Accountable and Transparent Administration

—Jaytilak Guha Roy

'Accountability' as well as 'transparency and information' constitute two of the seven specific aspects of 'governance' identified by the 1992 World Bank document on *Governance and Development*, a release that may be attributed to its quest for 'good governance'. Consequently, the citizen's right to information is increasingly being recognized as an important instrument to promote openness, transparency and accountability in public administration. In fact, the concept of 'invisible government' has become obsolete in this age of liberalization and globalization. The citizens, the stakeholders, the consumers of public services, the beneficiaries of development programmes, the civil society organizations, the business and commercial houses, all must get the information they require from the public authorities relating to their administration, operations or decisions. This is possible only if the administration is accountable and transparent enough and provides them with the right to information on their aims, policies and programmes. This chapter focuses on the pertinence of the need for right to information and how things can be improved. It makes an attempt to bring out the international and national perspectives on the issue.

WHY RIGHT TO INFORMATION?

The symbiotic relationship between sin and secrecy is now universally recognized. It has been observed that a government, which operates in greater secrecy is more prone to corruption as compared to a government, which operates in greater openness. This is the first

reason for which, the right to information is considered as a significant step in empowering people to combat state corruption.

Secondly, the right to information helps to strengthen the foundations of democracy. Unlike a totalitarian government, a democratic government needs to be based on the trust of the governed. It should therefore, function in public view as much as possible so that the citizens know its aims, policies and programmes and help the government to accomplish them. Secrecy in governmental functioning, on the contrary, would tend to promote corruption, oppression, nepotism and misuse or abuse of authority, and thereby, alienate the government from the governed. To reiterate the words of the Franks Committee of the United Kingdom (1972), 'A government which pursues secret aims, or which operates in greater secrecy than the effective conduct of its proper functions require, or which turns information services into propaganda agencies, will lose the trust of the people. It will be countered by ill-informed and destructive criticism'. Openness in governmental functioning is, therefore, regarded as an essential ingredient of democracy and the right to information as a fundamental democratic right.

Thirdly, democracy, to be effective and meaningful, should also have responsive administration, which is a bilateral process. On the one side, administration is required to be citizen-centric, which implies that it should be responsive to the citizens' legitimate needs, aspirations and grievances. The citizens, on the other side, are required to be cooperative and yet vigilant. For, it is the eternal vigilance of enlightened citizens, which facilitates accountability and prevents arbitrariness in public administration, and brings it closer to the citizens. An eternal and enlightened vigilance is thus the best guarantee of democratic government. There is no denying that the right to know is an effective means for the citizens' enlightenment. For, it is this right, which gives them access to government departments and documents and thereby enables them to acquire knowledge of what is happening in the government.

Fourthly, the right to information tends to remove unnecessary secrecy surrounding the decision-making process in the government, and thereby helps to improve the quality of decision-making in public policy and administration. It enables the citizens to know about the government decisions and the basis on which they are made so that they can exercise sound judgement on the merits of public policies and respond appropriately to influence the process of policy formulation and decision-making in public governance.

Last but not the least, the right to information is an effective means to strengthen grassroots democracy and ensure people's participation in local governance and development activities. It would also bring the local governments under public scrutiny and thereby help them to avoid 'costly mistakes'. To quote James Madison, one of

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the founding fathers of the American Constitution, 'A popular government without popular information or means of acquiring it, is but a prologue to a farce or a tragedy or perhaps both.'

INTERNATIONAL PERSPECTIVE

Sweden was the first country to provide freedom of information to its citizens as far back as 1766. The Constitutional provision guaranteeing this freedom was adopted in that year, as part of the Freedom of the Press Act, one of Sweden's four basic Constitutional laws. It was the outcome of an 'intense struggle' during the last half of the 18th century between the two main political parties of Sweden, the Hats and the Caps. With the defeat of the Hats in 1765, after a long-term in office, the Caps inserted the principle of public access in the Freedom of the Press Act as a reaction to their frustration over excessive administrative secrecy as well as press censorship under the Hats regime. Subsequently, the principle was accepted as a part of the 'the normal political life of Sweden' (Rowat, 1980).

In other countries, however, the developments in this regard have been far more recent. Among other Scandinavian countries, Finland enacted the Freedom of Information (FOI) legislation in 1951, followed by Denmark and Norway in 1970. The United States enacted its FOI Act in 1966, exactly two hundred years after Sweden. The Act was amended in 1974 to limit the exemptions and to provide for penalties against those government officials who would be found withholding information or treating FOI requests in an arbitrary or capricious fashion. Austria, France and the Netherlands passed this legislation during the 70s, while Australia, Canada and New Zealand enacted it in 1982–83. Various states or provinces of the United States, Canada and Australia have also enacted their own FOI legislations.

In Bulgaria, the Access to Information Act was enacted in June 2000. The scope of its applicability is wide, since the term 'public information', under the Act, has been construed to mean 'any information relating to social life', which gives the citizens an opportunity to form their own opinion about the activities of the persons obligated to provide information. The Act gives the right of access to information not only to the citizens but to the non-citizens as well as the legal entities.

Ireland enacted the FOI Act in 1997. It came into force in 1998. In the Republic of South Africa, the Right of Access to Information is a Constitutional Right, which has been further reinforced with the Promotion of Access to Information Act, 2000. The objectives of the Act, *inter alia,* include promotion of a culture of human rights and social justice, imparting accountability and good governance; and

enabling public participation in decision-making by public bodies that affect their rights. The Act contains two separate parts, each dealing with the right of access to records of public bodies and private bodies respectively.

The Japanese Law concerning the Disclosure of Information held by administrative organs is applicable to defined 'administrative organs'. It seeks to ensure that the government is accountable to the people for its various operations, and contribute to the promotion of a fair and democratic administration that is subject to the people's accurate understanding and criticism. Thailand enacted its Official Information Act in 1997. It is a very short legislation and lacks clarity on certain important aspects, such as the procedure for receiving and processing of information requests and the appeal and complaint procedures (Shankari, 2000).

On the whole, the FOI legislations in developed democracies have three fundamental features:

- A legal right of access to government records without a demonstrated need to know;
- Specific exemptions to protect national security, personal privacy, law enforcement and the like; and
- Where access is refused, a right of appeal independent of government officials (Bell and Watchirs, 1988).

THE INDIAN SCENARIO

With regard to the Indian Republic, the first political commitment to the citizen's Right to Information came up on the eve of the Lok Sabha elections in 1977 as a corollary to public resentment against suppression of information, press censorship and abuse of authority during the internal emergency of 1975–77. In its election manifesto of 1977, the Janata Party promised 'an open government' and declared that it would not misuse the intelligence services and governmental authority for 'personal and partisan ends'. Pursuant to this commitment, the Janata government headed by Morarji Desai constituted in 1977, a working group to ascertain if the Official Secrets Act, 1923, could be modified so as to facilitate greater flow of information to the public. The working group comprising officials from the Cabinet Secretariat and the Ministries of Home Affairs, Finance and Defence laboured for months only to recommend that the Act of 1923 should be retained without change.

This 'no change' recommendation was far from popular expectations. The very composition of the group, however, was indicative of the kind of recommendation made by it. Bureaucracy by its nature revels in secrecy, and hence, any other kind of recommendation would have been an exception. The country was ultimately

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back to 'square one', that is, to 1923 Act as it was contended to regulate its communication system with 'We, the People of India', through the network of the colonial Official Secrets Act (Maheshwari, 1980).

The events, which helped create political commitment to the Right to Information for the second time had resemblance with the historical context, among which the principle of public access to information evolved in Sweden. The National Front government's renewed commitment to this Right was the outcome of the people's frustration over the earlier government's reluctance to part with the information relating to Bofors and other deals (Guha Roy, 1990). In its 1989 Lok Sabha Election Manifesto, the National Front committed itself to 'open government', and declared unequivocally that 'People's Right to Information shall be guaranteed through Constitutional provisions'. Reiterating this commitment, the then Prime Minister V.P. Singh, in his first broadcast to the nation in December 1989 said, 'We will have to increase access to information. If the government functions in full public view, wrong doings will be minimized. To this end, Official Secrets Act will be amended and we will make the functioning more transparent. Right to Information will be enshrined in our Constitution.'

Sadly, despite such a strong commitment, there was actually no headway towards transparency and openness in our governmental functioning due to the early fall of the National Front government. Subsequently, the National Agenda for governance of the present multi-party coalition called the National Democratic Alliance (NDA) declared: 'Our first commitment to the people is to give a stable, honest, transparent, and efficient government capable of accomplishing all-round development. For this the government shall introduce time-bound programme of needed administrative reforms ...'. In pursuance with this commitment, the NDA government introduced the Freedom of Information (FOI) Bill, 2000 in the Parliament. Till recently, the Bill was under consideration for the Parliamentary Standing Committee on Home Affairs.

Meanwhile, instead of waiting for a central legislation, half a dozen states have enacted their own laws on Right to Information (RTI). These include Goa (1997), Tamil Nadu (1997), Rajasthan (2000), Maharashtra (2000), Karnataka (2000) and Delhi (2001). Besides, Madhya Pradesh has issued wide-ranging administrative directives on dissemination of information upto the level of Gram Panchayats. Interestingly, all the states that have their own RTI laws were non-NDA partners ruled states when the Act was passed. In some of these states, the law though has been too weak. The Tamil Nadu Act, for instance, has imposed more than twenty restrictions on the application of the Right. The Goa and Karnataka Acts, on the other hand, have several good features. However, in all these states, the

concerned citizens and civil society organizations still complain about denial of information on important issues relating to public interest.

The NDA Government's proposed FOI Bill has evoked lot of controversy on various issues. Some of them are notably as follows:

(a) The Bill exempts from disclosure 'information exchanged in confidence between the central and state governments or any of their authorities or agencies'. It is commonly felt that this is too wide a clause to cover a lot of such information, which should otherwise be available to the people.

(b) A major lacuna of the Bill is that it does not specifically provide for penalties against the officials who, in violation of the law, would either refuse to provide information or give false, misleading or incomplete information.

(c) In this age of economic liberalization when the governments are keen on outsourcing many of their traditional functions to private agencies and allowing foreign direct investments in telecom, power, banking and other major sectors, the Bill, however, does not apply to the private sector. In contrast, the South African Law enacted in the same year has specifically brought the private sector under its purview so that there could be no disparity between the public sector and the private sector engaged in similar commercial activity.

(d) The most serious shortcoming of the Bill lies in that it provides for appeals only within the government bodies. It not only bars jurisdiction of courts but also ensures that no appeal should lie even with an independent body.

It is pertinent to mention that the Supreme Court has already declared that Right to Information is a Fundamental Right and denial of information amounts to violation of the Right to Life. Pursuant to this declaration and also in response to the petitions filed by the Common Cause and the Centre for Public Interest Litigation, the Supreme Court has reportedly decided to scrutinize the proposed FOI Bill to ascertain whether the government has given enough power to the citizens to know what they want to about governance. Accordingly, it has adjourned the hearing till January 2003. This is indeed a welcome step against the backdrop of lack of political will to recognize people's right to know. Meanwhile, the FOI bill has been somewhat hurriedly passed by the Lok Sabha on 4th December 2002 without plugging the various loopholes.

The Tasks Ahead

Our experience at the state level reveals that mere enactment of FOI legislation would not be enough to provide open and transparent public administration. It would just be the beginning of a long and costly process.

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The *first and foremost task* would be to suitably review and revise such legislations as the Official Secrets Act, 1923, and the Indian Evidence Act 1872, so as to replace the inhospitable or negative provisions therein with suitable provisions encouraging dissemination of information and limiting the clauses relating to withholding of information. Section 5 of the Official Secrets Act, for example, is regarded as 'catch-all provision', as it covers all kinds of secret official information irrespective of the effect or consequence of disclosure. Again, Section 123 of the Indian Evidence Act provides that no one shall be permitted to give any evidence from unpublished official records, relating to any affairs of the state, except with the permission of the head of the department who shall give or withhold such permission as he thinks fit. Even the courts can be denied documents if the government holds that they relate to affairs of the state.

Likewise, the Commission of Enquiry Act, 1952 would also need to be thoroughly scanned and suitably amended so as to make it obligatory for the governments to present the reports of all such commissions before the legislatures within the stipulated time. The amendment should also provide for publication of these reports within a fixed time from the date of presentation in the legislatures. In this context, the following observation of Justice Krishna Iyer is worth consideration, 'When commissions prolong their enquiries and produce reports, which are shelved for long in government pigeon-holes, matters of public importance suffer, fade-out and the people are stultified by denial of information'. In most such legislations, governments enjoy the option to accept or reject the report, which means that a cunning administration may use enquiry commissions as crisis tactics, the end product being conveniently discarded if unfavourable. Thus, unless meaningful mutations are made from the angle of freedom of information, commission strategy may prove to be informational treachery (Iyer, 1985).

Secondly, in tune with the legislative measures as indicated before, suitable amendments in the conduct rules for government servants would also have to be made to enable them to disseminate to the people as much information as possible. Rule 11 of the Central Civil Services (Conduct) Rules 1964, for instance, forbids a government servant to communicate to any person, including a fellow government servant, any official document or any part thereof or any information acquired by him during the course of his official duties. A violation of this rule will subject the civil servant to disciplinary action over and above punishment under any such law as the Official Secrets Act, 1923. Hence, apart from modification of the Conduct Rules and the statutes like the Official Secrets Act, specific guidelines concerning dissemination of official information to the public would also have to be laid down and made applicable to all ministries and departments of the central and state governments.

Thirdly, the most challenging task for operationalizing the Right to Freedom of Information would be to bring about major changes in our administrative system so as to evolve and facilitate an altogether new culture of openness in place of the existing and age-old culture of secrecy. Revamping our administrative system in this direction would require multi-pronged measures, which *inter alia* include:

- Formulation of a comprehensive training policy with a view to inculcating right attitudes among the public functionaries in the context of open government. Such a training policy would cover all such aspects as identification of training needs for these functionaries at different levels, training of trainers, preparation of training modules and materials for pre-service, in-service and special orientation training courses and periodical evaluation of training designs and methods.
- Introduction of an effective system of reward for enthusiastic service rendered by public functionaries with regard to the dissemination of information as also punishment for those who would be found withholding information in an arbitrary and capricious manner.
- Review and revision of some of the basic concepts of civil services retained since the days of the colonial administration, such as the civil service anonymity.
- Suitable changes in the prevailing practice of classification of government documents so as to put an end to 'indiscriminate and unnecessary' classification of information. This calls for a well-planned and enlightened information policy as an important part of government's public relations policy.

Last but not the least, implementation of the Right to Information would require an efficient information management system with the help of sophisticated information technology. The American experience, for instance, reveals that information management is a 'multi-faceted process involving the collection, processing, storage, transmission and use of information', and consequently, 'the costs of providing information have been significantly higher than Congress anticipated' (Feinberg, 1986). For a developing country like India, the cost constraints would be much more since our governments will have to bear additional expenses to provide for our weaker groups' accessibility to information relating to various government schemes and programmes for their welfare and development. While acknowledging cost constraints as a genuine problem, the benefits that may be derived from an efficient system of information management in government departments would also need to be duly assessed and analyzed. Moreover, with the increasing use of information technology in our government departments and offices, it should no longer be very difficult in near future to evolve an effective and useful system of information management in the government.

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CONCLUDING OBSERVATIONS

The mere conferment of the Right to Information without changing the prevalent style of governance would make the entire exercise futile. In the context of our present scenario characterized by the lack of political will and the reluctant attitude of bureaucracy to recognize the people's Right to Information, the role of civil society organizations would be crucial and significant in ushering in a new era of open, transparent and accountable governance. This is more so for a country like India, which has the unique distinction of being the world's largest functional democracy for more than five decades. It is due to the success of our vibrant democracy, *albeit* aberrations, that a large number of civil society organizations have been playing catalytic role in various fields of public life.

The Right to Information movement initiated by Ms. Aruna Roy in Rajasthan has been quite successful. A people's organization called *Mazdoor Kisan Shakti Sangathan* is doing significant work in making the government respond to the demands of information and accountability. Through *Jan Sunwai* or public hearings, people have been able to speak up and air their grievances to the government functionaries. In fact, such movements by the people can effectively provide substance to the abstract notion of Right to Information and Transparency (Roy, 2001). The more these organizations come forward to enlighten and mobilize the people at the grassroots, the more would be the realization of the immense potential of the Right to Information.

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25

The Citizen's Charter Initiative: Pronouncement of a Paradigm Shift in Bureaucracy-Client Interface

— Arvind K. Sharma

Of the various Total Quality Management (TQM)-inspired initiatives that have surfaced in public bureaucracies across the globe in the past decade, the citizen's charter is one directed specifically at countering the circumstances that tend to undermine the public focus of government bureaus. The concept of citizen's charter espouses, quintessentially, the idea of citizen's entitlements *vis-à-vis* the government: entitlement to easy, unhassled access to public services, to services of stipulated quality and specifications, to efficient and courteous delivery of services, to a transparent conduct on the part of the service-provider, and so forth. At the level of application, this conceptualization manifests itself in a range of measures, which by compelling a minimum level of performance from the service-provider conduces towards a higher level of user-satisfaction. In this sense, the citizen's charters address multiple concerns. Typically, a citizen's charter would:

- Incorporate a statement of the services, which a bureau might offer;
- Indicate the service standards and the remedies available to users in the event that there might be a non-compliance of the stipulated standards;
- Insist on the display of requisite procedures involved in obtaining the available services;
- Provide a structure for obtaining user feedback;

- Institute an easy-to-follow procedure for making complaints and provide for a grievance redressal mechanism;
- Indicate the response-time for various public transactions;
- Set up machinery for system-audit, performance monitoring and evaluation; and
- Make provision for an independent scrutiny of the agency's performance.

In underlining the role of citizen's charter[1] as a device to induce public focus in government bureaus, one would do well to recount in passing the factors, which militate against it. The monopoly status of the bureau is perhaps at the root of it all. The pressure for efficiency, in a public organization, would tend to be much less intense for the same reason. Bureaus, moreover, face non-voluntary clients who would not be able to retaliate against the wilfulness of the public providers. The fact that the poor form the largest segment of the bureau's clients is apt to further aggravate the providers' apathy to the users' needs and preferences. To complete this picture, what needs to be added is that the bureaus operate in a regime of politically sponsored budgets. It means that their revenues are characteristically unrelated to and entirely independent of the volume and quality of their transactions with the clients.

This helps, and in a sense compels, the invocation of a related angle in viewing the citizen's charter programme, viz., as a conscious effort on the public providers' part to assume a pro-active stance *vis-à-vis* the service-users. Under pressure for performance arising from commitments enshrined in the charter and the public pronouncement of the providers' obligations, the bureau officials would seek to anticipate the potential tension areas in the provider-user interface so as to be able to pre-empt grievances. Ideologically, therefore, charterism anchors itself on the notion of a zero-defect system.

Relatedly, charterism would measure the public service provision and the delivery system against the touchstone of quality. This moves the conventionally top-centric government bureau into the mould of a bottom-up organization. This is because the pursuit of quality and

1. For discussion on a diverse range of issues concerning citizen's charters, see: Connolly, Michael, Penny Mekeown and Grainne Milligan-Byrne, 1994, 'Making the Public Sector More User Friendly? A Critical Examination of the Citizen's Charter,' *Parliamentary Affairs*, Vol. 47, No. 1, (Jan.); Butcher, Tony, 'The Citizen's Charter: Creating a Consumer-Oriented Civil Service,' in Peter Barberis (Ed.), 1997, *The Civil Service in an Era of Change*, London, Dartmouth; Falconer, Peter, K. and Kathleen Ross, 1999, 'Citizen's Charters and Public Service Provision: Lessons from the U.K. Experience,' *International Review of Administrative Sciences*, Vol. 65, No. 3, (Sept.): 339–351; Tritter, Jonathan, 1994, 'The Citizen's Charter: Opportunities for Users' Perspectives', *The Political Quarterly*, Vol. 65, No. 4, (Oct.–Dec.): 397–414; Duggett, Michael, 1998, 'Citizen's Charter: People's Charter in the UK,' *International Review of Administrative Sciences*, Vol. 64; and Clark, David, 2000, 'Citizen's Charters and Public Service Reform in France and Britain,' *Government and Opposition*, Vol. 35, No. 2 (Spring).

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deadlines, implicit in the service standards and time-frames embodied in citizen's charters by building strong pressures for innovation at every level of the pyramid, would compel recourse to augmented authority delegations and wide discretions down the line. In this sense, the employees' empowerment emerges as a critical desideratum for the success of the citizen's charter programme.

This would, evidently, call for a cultural change; virtually a metamorphosis of the old-line bureaucracies. The unilaterally operating conventional public bureaucracy must increasingly move into a multilateral mould. This would mean that it would need to allow its decisions to be influenced by those who will deliver the public services (the customer-contact employees), those to whom these services will be delivered (the service-users), and those organs of the civil society, like the NGOs and the local government, which will organize the customarily docile bureau-clients into a pressure group of an enduring influence.

CITIZEN'S CHARTER INITIATIVES IN INDIA

How does the reality on the ground compare with the framework presented in the foregoing paragraphs? How has the charter initiative fared since it was launched in India more than five years ago, in August 1997? Since the initiative was inaugurated, there has been, in the country, a considerable physical expansion on the citizen's charter front. In a research finding, which was reported under the title *Inducing Client-focus in Bureaucracy: The Citizen's Charters in India* (Sharma and Sharma, 2002), it was found that, as on April 2001, as many as 68 union government agencies had formulated their citizen's charters. At the corresponding point of time, 19 states and union territories had, likewise, formulated their charters. The number of charters by the said state and union territory governments stood at 313 at that point of time (*ibid.*).

Further expansion has been achieved in the intervening period. By November, 2002, the number of union agencies, which had issued their charters had risen to 71. At this point of time, the number of state and union territory governments, which had joined the fray had risen to 23. The number of charters at state/UT level had expanded to a figure of 500[2] (*ibid.*). In other words, in volume, the country has witnessed much progress during the period of five years that the citizen's charters have been in operation.

These figures are based on a presentation by V.K. Agnihotri, in the Panel Discussion on which this paper is based. This paper is an enlarged version of a presentation, which the author had made in a Panel Discussion (on 'Service Quality: Indian Experiment with Citizen's Charter:' 7th Nov., 2002) under the aegis of [the IIAS (Belgium) & Department of AR & PG (GOI)-sponsored] 'Second Specialized International Conference' at New Delhi during Nov. 5–9, 2002. (Conference Theme: 'Towards Quality Governance for Sustainable Growth and Development.')

This expansion may, however, be characterized as being largely mechanical insofar as the physical features of the system (viz, the citizen's charters, the client-entitlements, the service standards, the time-frames, the grievance redressal machinery, and so on) have been put in place without correspondingly endeavouring to achieve the parallel desiderata for the system's success, viz, a sensitized bureaucracy, which would be a willing partner in establishing a client-led delivery system; trained front-line functionaries who would be groomed and equipped to take on-the-spot decisions and armed with delegations to be able to respond to the sharp dead-lines enshrined in the citizen's charters; and a body of self-aware clients who would know what their entitlements *vis-à-vis* the service-providers are so that they might secure the realization of the commitments, which a particular agency-charter may contain.

It is not as if all this was not anticipated and provided for in the country's citizen's charter package. The Concept Note,[3] a Department of AR&PG-document, which outlines the contours and contents of the programme is a meticulous vision statement. The difficulty, however, has been that its stipulations and guidelines have been more often than not honoured in their breach than observance. Illustratively, the 'task-force' methodology, which envisages the involvement of the senior bureaucrats, cutting-edge personnel, service-users, and the nodal agency-representatives in the citizen's charter-formulation exercise, has actually, never been invoked by the agencies of union and state governments. The result is that a major condition for success, viz., the stakeholders' participation in the formulation of citizen's charters, has remained unrealized. The tasks of charter formulation have instead been carried out, in each agency, by a handful of 'nodal officers', a euphemism for two or three senior agency-bureaucrats, who are entrusted with the task of formulating its charter.

Consequently, the front-line staff has generally looked askance at the initiative, and the citizen's charter programme has come to be viewed by the bureau rank-and-file as an imposition from above. A weak publicity and marketing effort has further compounded these difficulties. Internally, the customer-contact employees, who are responsible for actually delivering services to the agency-clients, do not even as much know about the programme, which would commit them to an austere regime of quality, specifications, and deadlines.

This has deprived the programme of a broad-based support within the organization. Externally, the bureau-clients, since the departments and agencies at the union and state levels did not

3. The 'Concept Note on Citizen's Charters,' authored by the Union government's Department of Administrative Reforms and Public Grievances (the nodal agency for the programme), forms the basic documentary source on the subject. (The document is undated.)

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deadlines, implicit in the service standards and time-frames embodied in citizen's charters by building strong pressures for innovation at every level of the pyramid, would compel recourse to augmented authority delegations and wide discretions down the line. In this sense, the employees' empowerment emerges as a critical desideratum for the success of the citizen's charter programme.

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Further expansion has been achieved in the intervening period. By November, 2002, the number of union agencies, which had issued their charters had risen to 71. At this point of time, the number of state and union territory governments, which had joined the fray had risen to 23. The number of charters at state/UT level had expanded to a figure of 500[2] (*ibid.*). In other words, in volume, the country has witnessed much progress during the period of five years that the citizen's charters have been in operation.

These figures are based on a presentation by V.K. Agnihotri, in the Panel Discussion on which this paper is based. This paper is an enlarged version of a presentation, which the author had made in a Panel Discussion (on 'Service Quality: Indian Experiment with Citizen's Charter:' 7th Nov., 2002) under the aegis of [the IIAS (Belgium) & Department of AR & PG (GOI)-sponsored] 'Second Specialized International Conference' at New Delhi during Nov. 5–9, 2002. (Conference Theme: 'Towards Quality Governance for Sustainable Growth and Development.')

This expansion may, however, be characterized as being largely mechanical insofar as the physical features of the system (viz, the citizen's charters, the client-entitlements, the service standards, the time-frames, the grievance redressal machinery, and so on) have been put in place without correspondingly endeavouring to achieve the parallel desiderata for the system's success, viz, a sensitized bureaucracy, which would be a willing partner in establishing a client-led delivery system; trained front-line functionaries who would be groomed and equipped to take on-the-spot decisions and armed with delegations to be able to respond to the sharp dead-lines enshrined in the citizen's charters; and a body of self-aware clients who would know what their entitlements *vis-à-vis* the service-providers are so that they might secure the realization of the commitments, which a particular agency-charter may contain.

It is not as if all this was not anticipated and provided for in the country's citizen's charter package. The Concept Note,[3] a Department of AR&PG-document, which outlines the contours and contents of the programme is a meticulous vision statement. The difficulty, however, has been that its stipulations and guidelines have been more often than not honoured in their breach than observance. Illustratively, the 'task-force' methodology, which envisages the involvement of the senior bureaucrats, cutting-edge personnel, service-users, and the nodal agency-representatives in the citizen's charter-formulation exercise, has actually, never been invoked by the agencies of union and state governments. The result is that a major condition for success, viz, the stakeholders' participation in the formulation of citizen's charters, has remained unrealized. The tasks of charter formulation have instead been carried out, in each agency, by a handful of 'nodal officers', a euphemism for two or three senior agency-bureaucrats, who are entrusted with the task of formulating its charter.

Consequently, the front-line staff has generally looked askance at the initiative, and the citizen's charter programme has come to be viewed by the bureau rank-and-file as an imposition from above. A weak publicity and marketing effort has further compounded these difficulties. Internally, the customer-contact employees, who are responsible for actually delivering services to the agency-clients, do not even as much know about the programme, which would commit them to an austere regime of quality, specifications, and deadlines.

This has deprived the programme of a broad-based support within the organization. Externally, the bureau-clients, since the departments and agencies at the union and state levels did not

3. The 'Concept Note on Citizen's Charters,' authored by the Union government's Department of Administrative Reforms and Public Grievances (the nodal agency for the programme), forms the basic documentary source on the subject. (The document is undated.)

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publicise the measure, have continued to be unaware that a new dispensation, which conferred upon them specific rights and bound the public service-providers to deliver services of specified volume and quality, had been uncorked with the promulgation of the programme.

The bureau-officials' reasons for failing to accord priority to the marketing effort were rooted in their perceived lack of resources. The question is what were these resources; financial, personnel or any other? It has been argued that: charterism isn't ultimately about garnering the components that collectively compose the charter dispensation; it is instead about making the public systems deliver the goods and about making a difference to the quality of life of an average citizen. This stresses that the significance of service standards, time-frames, grievance redressal procedure, independent scrutiny, satisfaction surveys, and for that matter the nodal agency for coordinating and navigating the effort or the provisions for the periodic review and the agency-sponsored internal evaluation and all the rest of the programme-constituents does not extend beyond being the means (Sharma and Sharma, *op. cit.*).

In judging their usefulness, the sole criterion might be the extent to which these foster transparency, service quality, client satisfaction, and similar other organizational qualities. To rephrase the argument, one would say, charterism is about checking bureaucratic accretion; it is about arresting the further impairment of the bureaucratic machine and making the bureaucracy work. It is about restoring its credibility (*ibid.*).

The import of the observations contained in the preceding paragraphs lies in stressing a point of cardinal importance, viz, that the citizen's charter device is about enabling the public bureaucracies to do better what they do any way. It is an enabler, which would propel the agency-performance by virtue of the benchmarks it establishes and the standards it specifies. To that extent, a dispensation committed to charterism will in the long-run, in fact, experience declining operational costs. But, quite evidently, those results shall not ensue if a department/agency would reduce its citizen's charter programme to merely a component-assembling exercise (as characteristically happened in India), where the process, through which the elements of the charter dispensation should have been assembled, was completely ignored.

The process *per se* is important insofar as, through the invocation of a variety of Organization Development (OD)-based interventions, the traditional top-down bureaucracies shall be enabled to move into the mould of a post-bureaucratic organization.[4] This, it would be

4. Literature on post-bureaucratic organizations is large and diverse. The following would form the more basic readings: Bennis, Warren, 1969, "Post-Bureaucratic Leadership", *Transaction*, July/Aug.: 44–51); Thayer, Frederick C., 1973, *An End to Hierarchy! An End to Competition!*, New Viewpoints, New York; White, Orion, 1969, 'The Dialectical Organization: An Alternative to Bureaucracy,' *Public Administration Review* Jan./Feb.: 32–42.

essential to achieve for a simple enough reason, namely, that a participation-centred dispensation confronts a top-centric organization with demands (e.g., client-consultation, employee-empowerment) which the latter, by virtue of its structural design and the assumptions it makes, is entirely unequipped to meet. The classical, unilaterally-operating bureaucracy was, plainly, never designed to respond to the demands and desiderata, which a citizen-centric dispensation, contrarily postulated on the assumption of bilateralism or multilateralism, would typically unleash.

TOWARDS POST-BUREAUCRATIC ORGANIZATIONS

The notion of post-bureaucratic organization seeks to reverse the Weberian patterns. Illustratively:

- Tall hierarchies yield place to flat hierarchies (which would permit an organization to achieve an 'employee focus', a critical desideratum missing in the old-line bureaucracies).
- Specialization paves the way for a multi-skilled regime (this would maximize the bureau's motivational gains).
- The Weberian insistence on tenure-for-life and fixed salaries for bureau-officials is discarded in favour of contract appointments and performance-related incentive pays.
- The client-as-subordinate notion is substituted by client-as-peer notion. The citizen's charter initiative is, in fact, more radical; it institutes the client as bureaucracy's superior and evaluator.
- The idea of interlocking roles (for bureau officials and clients) replace the traditional impermeable-bureaucratic-boundaries assumption. Officials and citizens interlock to produce outcomes, which would maximize the client satisfaction.
- The notion of the primacy of rules and procedures is substituted by an explicit emphasis on outcomes. This connotes the value-for-money stress in a citizen-centric government bureau.

Other related events take place as an organization moves into the post-bureaucratic mould. The above list is only illustrative. An organization designed along those lines would be in harmony with the postulates of a radically citizen-friendly system. But to install it calls for change of a certain scope and scale and an HRD effort of a corresponding magnitude.

The OD-based HRD strategies, by stressing vigorous performance evaluation and on-going supply of control-information, create, in the government bureaus, a predisposition for the vital task of performance management. This establishes the basic conditions and provides an

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authentic frame-work for an aggressive HRD effort. This would further help to redefine the entire gamut of superior-subordinate relationship along a new axis, that would de-emphasize hierarchical differentiations, which typify a pyramidal structure. This would in return increasingly move the traditional power-focused structure into the mould of a task-based organization and concomitantly force fresh delegations down the line (Sharma, 2003).

The empowered rank-and-file, now, discovers its new identity, with the normally passive work-force (those painted as 'lazy' and 'indolent' under Douglas McGregor's 'Theory–X' framework) beginning to turn into a powerful engine of innovation and change. In the TQM-parlance, when an organization galvanizes its work-force around the central theme of quality, every employee—because each human is innately creative—can be turned into a quality-developer, quality-maintainer, and quality-enhancer. Employee involvement and participation hold the key to such a metamorphosis. The advocacy of involvement *per se* rests on the TQM-protagonists' familiar assertion that employees, as insiders, know best what the problems at the work-place are and where the solutions to these problems may lie. This ideological position forms the basis of the TQM-gurus' espousal of quality-circles, which both physically manifest participation as well as augment it.[5]

Apart from creating a level of motivation in employees, the task of arousing the client-awareness would need to be addressed. This, once again, cannot be achieved unless an appropriate methodology, which would allow space for citizens' participation in the charter formulation process and elsewhere, is crafted. In other words, it is not enough that a department or agency would create its own set of citizen's charters, instead it would be necessary that the formulation is accomplished through a participatory process, which would sensitize the agency-clients.

Nuances such as these have totally escaped the attention of those responsible for implementing the citizen's charters (the union and state level agencies/departments) as well as those who are charged with the responsibility of navigating and monitoring the programme (the department of AR & PG). There has been a clamour for expansion and a discernible jubilation as the states, one after the other, have inaugurated their citizen's charter programmes. Each one has spiritlessly acquired the trappings of the system when on the ground, few have the faintest idea of what it would take to run such a system.

5. For a discussion on the Total Quality Management concepts, see: Morgan, Colin and Stephen Murgatroyd, 1994, *Total Quality Management in Public Sector: An International Perspective*, Open University Press, Buckingham/Philadelphia; and Oakland, John S., 1993, *Total Quality Management: The Route to Improving Performance* 2nd ed., Butterworth-Heinemann Ltd., Oxford, (Reprinted in 1995.)

Things have come to such pass, because what are merely the means (the components which constitute the citizen's charter programme, viz., the standards, the specifications, the grievance redressal machinery, and so forth) have come to be regarded as the ends. The form has come to substitute the substance. The substance of the scheme lies in achieving augmented service quality and enhanced client satisfaction. There is little appreciation that the substance (or the substantive outcomes) will be continuously elusive unless the conditions for the programme's success (viz., sensitization of bureaucracy and arousal of client awareness) are first established.

CONCLUDING REMARKS

Charterism is, ultimately, about making things happen, making the bureaucracy deliver services of specified volume, specifications, and quality. Declaration of the provider-obligations and acknowledgement of the user-entitlements invests the initiative with the power to make things happen. But because these are not backed by legal sanctions, the citizen's charters can at best exert a moral pressure upon the bureau-officials. That notwithstanding, these would exercise, upon public systems, a pervasive disciplining influence, *via* their stringent codes (deadlines, time-frames) and stress on information-sharing.

Centrally, what charterism emphasizes is that recourse to rules, emphasis on procedural propriety, and designing of a pyramidal structure have, ultimately, an instrumental value. These trappings are designed to facilitate, and not hinder, the provider-user interface in a bureaucratic organization. Administering is, in the final analysis, about producing the planned outcomes; and that if the outcomes might be in any way diluted, the extant dispensation will have lost its *raison d'etre*. What it further underlines is that administering is not about employing people in bulk and wanting to command their obedience, or about securing, for the bureaus, large budgetary outlays; nor is it about the exercise of power.

While, admittedly, these processes have a place in the overall scheme of things, these in essence are only the means. Ultimately, public management is concerned with establishing a cost-effective system to ensure that these public resources are devoted towards the accomplishment of specified results. It is with this yardstick alone that the public systems might be judged. The citizen's charters are, in this sense, a powerful intervention that will allow the public bureaucracies to remain relevant, by keeping them focused on outcomes. The initiative marks a new emphasis in the administrative practice. It couches the bureaucracy-citizen interface in a new idiom.

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26

Emergence of Civil Society Organizations: The Globalization Context

— Alka Dhameja

Civil society is not a new concept as it has been a part of the polity right from the times of Greek City States. A term widely analyzed in the eighteenth and nineteenth centuries, it seems to have reemerged in the twenty first century with conformist, reformist and many a time radical agendas. The earliest forms of structures of governance appeared in the shape of societal mechanisms based on cooperation, mutuality and consensus between different groups of individuals. The society comprised private and public interests of its people and was a precursor to the state. In fact, the earlier thinkers do not make a distinction between society, civil society, political society and market state.

The liberals have treated society as a crowd of alienated individuals pursuing their personal interests as members of social groups, while the Marxists have projected society as an ever-growing and living organization best understood in relation with the economic structure. Gradually, when societal strength came to be analyzed in associational and organizational terms, the concept of civil society was born. The modern meaning of civil society, as an integral part of society and a kind of sphere outside and distinct from the political or market sphere, however, is emerging slowly in the globalization context.

Society has come to consist of three distinct components, state sector, market sector and civic sector. The relationship between these three constituents has been a matter of debate all through the evolution of the concept of civil society. The problem lies with the exact meaning of the term 'civil society', which is sometimes contrasted with the state and the market but, sometimes the state

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itself is seen as constituting the civil society. Civil society is generally defined as a particular group of society with a clearly demarcated purpose, functions, organization and means in pursuit of its agenda. It is though, a broad concept that is hard to outline. The debate continues about what civil society means and this spills over into its relationship with the state and market.

The role of civil society and its institutions has become very important in the present context as many socio-economic areas that hitherto belonged to the state are opening up to non-state sectors. Keeping pace with the neo-liberal and new-right perspectives, the globalization debate has once again raised the vociferous chant of rolling back the state, which is being projected as a facilitator and coordinator of the private and non-government sector. Many new developments have given rise to different types of civil society associations that are beginning to influence policy decisions. These include a fundamental change in the state's commitment to welfare, reduction of social security provisions, disenchantment of people with government policies, global accent on state minimalism, role of multiple actors in governance, success of voluntary initiatives and corporate ventures, etc. As a result, the civic sector or civil society sector is emerging as a viable proposition to supplement or refine the functions of the state and market.

These civil society actors have come to be known as the civil society organizations or the institutions of civil society. In a more contemporary term, they could be described as a country's 'social capital' (broadly connoting community awareness, citizens' involvement and action on pertinent policy issues through civic networks). The vocabulary of politics is today inundated with terms such as 'civic institutions, 'social movements', 'non-governmental organizations', 'non-profit organizations', 'third party sector', 'private voluntary organizations', 'independent advocacy groups', so much so that the real meaning of civil society and its institutions appears to have been forfeited to some extent.

Civil society is expected to identify major problems in society, articulate current issues, empower the disadvantaged, serve as an independent voice in strategic debates and provide a constructive forum for exchange of ideas and information between key actors in policy process. Civil society encompasses enormous diversity. In terms of membership and constituents, it includes just about all types of associations, for example, academic institutes, community based organizations, consumer protection bodies, environmental campaigns, human rights advocates, labour unions, relief organizations, peace activists, professional bodies, religious institutions, women's networks, youth campaigns and sometimes even business associations. The viewpoints on the composition of civil society are varied and debatable in the absence of a consensus on its nature and scope.

The meaning and the role of civil society organizations can be best understood in terms of relationship of civil society with the state as well as the market. In the present context, both the state and market determine the complexion of civil society. The questions such as what exactly is civil society, whether it really has reemerged, why has it become a crucial topic today, what is its relationship with the other sectors in governance, what kind of problems and constraints does it face, what is its role in the global scenario, and in which direction is it heading, have become important to any discussion on civil society organizations. It is some of these key concerns that this chapter aims at addressing.

EVOLUTION OF THE CONCEPT OF CIVIL SOCIETY

Right from Aristotle and Cicero, until the time of John Locke in the 17th century, the term civil society was used interchangeably with political society and the state. The self-conscious and self-confident bourgeoisie class was known as civil society. To these classical philosophers, 'to be a member of a civil society was to be a citizen—a member of the state' (Karlson, 2002). Originally, civil society is a European phenomenon. The earliest development of civil society as a non-political identity is associated with complex social and economic forces at work in the 18th century, as power devolved from monarchs to popular assemblies. The idea of civil society was first articulated by the philosophers of the Scottish Enlightenment. These philosophers were able to bring out the universality of civil society as a solution to the particularity of the market sphere that was increasingly redefining the estates system of feudal society (Baker, 2002).

This idea of civil society then travelled to Germany by way of translation of Adam Ferguson's essay on 'The History of Civil Society' (1765) and Adam Smith's 'Wealth of Nations' (1776–78). Adam Ferguson's conception of civil society made a contrast not between 'civil society' and 'political society', but between 'civil society' and 'natural society', whereas Adam Smith posited civil society's solution to the problem of greater good in society as arising from natural sympathy or moral sentiment displayed within it (*ibid.*).

Hegel was the first philosopher to develop a recognizably modern notion of civil society in his philosophy of rights (Beteille, 2000). He sought to resolve the contradictions that existed in civil society as a result of its peculiarity by reference to the universal state. It is only at this point then that the state and civil society came to be regarded as separate spheres (Baker, *op. cit.*). However, Hegel's theory of civil society has also given the concept a derisive tone. To Hegel, civil society was identical with the private and the particularistic, and characterized by the conflicting and avaricious striving of individuals and classes for largely materialistic ends, while the state was seen as

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the embodiment of universal ethical values and rational civilization (Karlson, *op. cit.*).

Karl Marx's conception of civil society is again a negative one in which civil society is driven by private economic interests even when they appear in the clothing of universal rights (Beteilli, *op. cit.*). Marx has laid stress on the means of production behind civil society and the dangers of capitalism, emphasizing class conflict and the built-in crises of capitalism. His alternative was a political society that embodied all economic and political powers in a single institutional framework (He, Baogang, 2002).

It was Antonio Gramsci, an Italian Marxist who isolated civil society as a category of importance in its own right. Gramsci characterized civil society as the realm of culture and ideology, or more concretely as the associational realm (Baker, *op. cit.*). Gramsci rejected the dichotomous view in which the state is counter-posed to civil society and in which the latter embraces all non-state and non-public relations. For Gramsci, civil society exists as a kind of intermediary, linked both with the economic structure and with the state. Gramsci has tried to see both political society and civil society as comprising the state. There is no distinction to be made between the public and the private—they are both part of the hegemony of bourgeoisie society (Urry, 1981).

Contemporary Marxists have turned to Gramsci rather than to Marx as their source of insight into civil society. The attraction of Gramsci's approach is that it addresses itself to the complexity of civil society. Society is seen not as a matter only of legal rights guaranteed by the state or of economic interests driven by the market, but as a matter also of ideas, beliefs, values, customs and habits that act on the state and the market and are in turn acted upon by them in complex ways and at different levels. State and market contribute something, but not everything towards the cohesion and the dynamics of societies (Beteille, *op. cit.*)

Various schools of thought have added to the understanding of the concept of civil society. The relative autonomy approach of neo-Marxists like Nicolas Poulantzas and Claus Offe has underlined the limitations of state-centric theory that has led to a definitive shift from state to civil society. To Claus Offe, who follows a systems perspective, state in a capitalist society is located in complex sub-systems and the nature of the state cannot be explained without referring to developments outside the strict boundaries of the state. In its interactions with the sub-systems, the state is consequently beset by legitimation deficit that destroys the conditions for its own stability paving way for civil society (Chandhoke, 1995).

The pluralists have had a dominant influence on the concept of civil society. To them a society comprises several interest and pressure groups that are constantly bargaining with the state to voice

their demands. As a result, the balance of power in the society is delicately poised. New Pluralism, it has been pointed out, aims at maintaining the performance capacity of new institutions; while maintaining the cohesion of society. This makes the emergence of a strong social sector more important (Drucker, 1994).

Robert Putnam's social capital approach, which will be discussed later in this chapter, and the new communitarian perspective have also added to the vast literature on civil society discourse. The earlier communitarians have focussed on the sense of society's separation from the state by talking of revival of traditional values based on trust, mutuality, cooperation and social connection (He, Baogang, *op. cit.*). The new communitarians, on the other hand, seek to restore the ailing institutions by changing people's values, and thus their attitudes and behaviour, thereby rendering major structural reforms less necessary (Barber, 1996).

The new communitarians do not favour communities over individuals or vice versa. Instead they seek a balance between community and autonomy, between individual rights and social responsibilities focusing their efforts on developing responsive, meaningful and empowered community structures (Braithwaite and Strang, 2001). The new approach of corporatism stresses the social nature of human beings and their need for a systematic and stable social sector, rather than opportunities for the competitive pursuit of individual freedom and happiness (Self, 1995).

The evolution of the concept of civil society in its various perspectives has tried to define its meaning and scope. As has been observed, the conditions for the formation and reproduction of civil society have been not only economic, but also political and ideological (Gamble, 1981). Therefore, any discussion on civil society without an analysis of the role of the state and market and their relationship with civil society is fraught with problems. They all define, limit and complement each other. The historical growth of the concept of civil society, as we have seen, has outlined the functions of civil society institutions in terms of its association with the state and private associations. The modern meaning of civil society has to take off from here and locate itself broadly within the relationship between the state, market and civil society in the globalization context.

RELATIONSHIP BETWEEN THE STATE, MARKET AND CIVIL SOCIETY

The contemporary relationship between state and civil society originates from classical liberalism. Liberal theory considers civil society to be a necessary condition for democratic states. Central to liberalism is the distinction between the public and the private spheres. The public sphere is based on representative government and

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the rule of law. The private sphere is that of individual action, contract, and market exchange, protected by and yet independent of the state (Barber, *op. cit.*).

A highly articulated civil society with cross-cutting cleavages, overlapping memberships of groups, and social mobility is the presupposition for a stable democratic polity, a guarantee against permanent domination by any one group and against the emergence of fundamentalist mass movements and anti-democratic ideologies. The state is hemmed in—indeed transformed—by these internal forces, just as it is by international forces. But society is also transformed by the state. Social organizations, and the structure of society as a whole, are moulded by the opportunities and impediments that the state presents, just as they are affected by other social organizations and by the openings and limitations posed by the world economy (Migdal, 2001).

There cannot be a persuasive theory of state without a theory of civil society. A theory of state presupposes a theory of how the boundaries of the political discourse sponsored by the state are mediated by those emerging from civil society. An inactive and undemocratic civil society leads to unresponsive and undemocratic states; whereas a politically self-conscious civil society imposes limits upon state power (Chandhoke, *op. cit.*).

It has been observed that the site at which society enters into a relationship with the state can be defined as civil society. It is accordingly conceptualized as a space or public sphere where people can pursue self-defined ends in an associational area of common concerns. A space, which nurtures and sustains its inhabitants rather than control them and their relationships. A space, which should exist outside officially prescribed channels of communication provided by the state, where 'accessible' and 'free' public discussion and debate can take place. The inhabitants of this space are linked together by social bonds created out of new identities and new institutions (*ibid.*).

Civil society has also been described as the locus of the 'light side' of collective action of social movements. It comprises the social realm in which the creation of norms, identities, institutions, and social relations of domination and resistance are located (Cohen and Arato, 1994). The contemporary civil society is more in tandem with the state. Even the concept of civil society generated by new social movements, as has been pointed out, does not necessarily deny or undermine the validity of modern state apparatuses. The new social movements have no desire to question the legitimacy of the state or directly take over the state (Gupta, 1999).

What is noticeable about civil society is its supposed interchangeability with NGOs. Even though the NGOs are the major constituents of civil society, they still do not make the entire gamut of civil society organizations. But, as they constitute a crucial part of

civil society organizations, their organization needs to be looked into. There are two major types of NGOs: (i) locally based grassroots organizations (GROs), and (ii) nationally or regionally based development assistance organizations called grassroots support organizations (GRSOs). GRSOs are usually staffed by professionals who channel international funds to GROs and help communities other than their own to develop (Fisher, 1998).

In addition to these vertical connections between GROs and GRSOs, there are two other types of NGOs in the third world defined by their horizontal connections with each other-GRO networks linking local communities to one another, and networks of GRSOs. Although NGOs have traditional roots, the GRO networks and GRSOs, are a 1960s phenomenon. The two most common types of GROs are local development associations (LDAs), such as village councils or neighbourhood associations that represent an entire community, and interest associations (IAs) that represent particular groups within a community. A third type of GROs includes borrower groups, pre-cooperatives, and cooperatives which may make profits (*ibid.*).

While discussing the relationship between the state, market and civil society, one of the pertinent questions relates to whether markets should be included in the notion of civil society? Classic liberals tend to regard markets as crucial institutions of civil society, and contemporary liberals see productive and commercial associations and networks as part of civil society. By contrast, the Left emphasizes equality and democratic control over the market economy. Many are wary of the dangers of markets and separate them from civil society in their tripartite model, which incorporates civil society, the state and the economy or the market sector. As a corollary, it is also debatable whether multinational firms can be regarded as part of the emerging global civil society (He, Baogang, *op. cit.*).

Sometimes, civil society is referred to as the 'third sector'. The third sector concept has been developed to help distinguish non-profit NGOs from the state sector and private profit sector or to characterize what has been described as 'that space that is neither government nor business, occupied by citizens who take actions responsive to their needs' (McGann and Weaver, 2000). Based on freedom of association, civil society provides a check on and a balance to the other two sectors (government and the market) via citizen societies, non-governmental organizations (NGOs), and other associations (Callahan, 2002). The diversity of civil society can ensure that the state is not held captive by a few groups. Civil society will eventually stabilize the state because citizens will have a deeper stake in social order. Further, while civil society may multiply the capacity of groups to improve their own welfare, the growth of associational life will supplement the work of political participation (Rahman, *et al.*, 2000).

Clearly, the precise boundaries of non-governmental activity are

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a matter of debate. Nevertheless, it is generally agreed that civil society lies outside the public sector of official governance. Besides, civil society is not the market, it is a non-commercial realm. No doubt, there are borderline cases, but it is often believed that civil society lies outside the private sector of market economy. But again anything that is non-governmental or non-commercial cannot be called civil society (Scholte, 2000).

There is thus no agreement on the constitution of civil society. In the globalization context, its domain still remains hazy. The present day civil society has to be different from its earlier counterparts as it does not have to deal just with national and regional problems, but has to adjust itself to the global influences that come not in the form of choices but dictates. The overlapping of market, state and civil society boundaries may conflate the purpose of civil society, which appears to have reemerged with a defined agenda of an enabler rather than a transformer.

CONTEMPORARY CONTEXT OF CIVIL SOCIETY: REEMERGENCE AND PERTINENCE

The contemporary meaning of civil society considers it to be a non-commercial sphere that works in tandem with the market and the state. Its aim is not to dislodge the state or the market, but better their condition through applying pressure on state and market in the form of protests, participation, mediation and information. The current meaning of civil society is more in tune with the cosmopolitan rather than the pluralist or elitist view of democracy that does not curb the state or restrict the civil society. In fact, it talks of enhancement of non-state, non-market solutions in the organization of civil society and the increasing role of global civil society.

The recent reemergence of civil society has been more of a response to excessive statism in East European nations. The social movements in Poland were characterized as the rise of 'civil society against the state' and the Polish movement was defined as the 'rebirth of civil society'. It is being seen as the salvation of both socialist and capitalist societies suffering from an overdose of bureaucratic rationality (Chandhoke, *op. cit.*). The concept of reconstruction of civil society has also been revived in the West. In the former West Germany, the welfare state is being seen as a mechanism by which to repoliticize the economy and dissolve the sharp boundaries between state and society. In France, there has been a totalitarian expansion of capitalism, which engulfs all spheres of social activity under single dimension of economic activity (He, Baogang, *op. cit.*).

The idea of civil society reemerged when theorists began to insist that a social community is capable of organizing itself independently of the specific direction of state power. Robert Putnam's 'Social

Capital' (1993) has reintroduced the age-old issue of civil society to the forefront. Putnam attacks the social science tradition that views 'the actors of the state and society locked in a zero-sum game and argues that highly active civic associations are strongly associated with effective public institutions. Norms and networks of civil engagement have actually promoted economic growth instead of inhibiting it' (Sobhan, 1998).

The concept of social capital refers to the capacity of states or societies to establish a sense of community, which leads a significant proportion of society in voicing their concern and seeking active involvement in the affairs of the community, and in sharing in the benefits of community action (Rahman, *et al.*, *op. cit.*). Putnam shows that the regions of Italy that have both flourished economically and suffered less corruption are those that have fostered social capital formation. These are regions where citizens are more trusting of one another in civil society (Brathwaite and Strang, *op. cit.*).

Putnam's approach is essentially society-centred. The nature of distribution of power in the society and the quality of civicness will determine whether a vicious or virtuous circle dominates the governance structure. The role of the state is seen as a dependent variable. Putnam emphasizes a symbiotic relationship between the state and the community. The state's action or policy contributes to the development of trust and networks of civic engagement among members of the community and they in turn become sources of discipline and information for the public agencies as well as dependable agencies for implementation of public projects (Sobhan, *op. cit.*).

There are many other reasons for the renewed interest in civil society. The civil society has become a theme of compelling interest throughout the world, as citizen activism and democratization encounter post-Cold War realignment of religious fundamentalism, economic development and other forces. Public fatigue with tired party systems has sparked interest in civil society as a means of social renewal. Especially in the developing world, privatization and other market reforms offer civil society the chance to step in, as governments have retracted their reach. Finally, the information technology revolution has provided new tools for forging connections and empowering citizens (Callahan, *op. cit.*).

The growing magnitude of the role of NGOs and global civil society has also characterized the reeemergence of civil society. Bilateral and multilateral aid donors have switched significant fractions of their budgets from national governments to NGOs (Pearce, 2000). The 1990s has seen a surge in civil society as well as global society organizations. The proliferation of NGOs throughout the world has induced interest in what has been called 'the space of uncoerced human association' (Fisher, *op. cit.*). In recent years, NGOs

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have begun to look beyond their local and regional roles and have become increasingly adept at bonding together in common purpose. By pooling resources and co-ordinating their actions, they have even strengthened their presence in international deliberations on a range of global issues. There exists a perceptible international civil society.

The concept of global civil society is hardly new, although the term has come into widespread circulation recently. Over the past few years, efforts to strengthen cross-border links among NGOs have run parallel to the far more visible crusade to create International Government Organizations (IGOs) that could bring the rule of law to global affairs. The early 1990s have produced attempts to institutionalize global civil society, especially in the United States and Europe (Callahan, 1999).

Globalization, it is presumed, has contributed to the weakening of the states' and intergovernmental organizations' abilities to govern, especially in the economic sphere, while strengthening civil society in many countries in the world and planting the seeds for an evolving global civil society (Schechter, 1999). The democratizing function of civil society has assumed a higher profile, and NGOs have been identified as a possible point of contact with its building blocks, namely civil associations. Coupled with these changes has been an increasing awareness among NGOs of their own potential role in the wider development picture. The process has been spurred on by the United Nations (UN), which has moved to the fore in promoting civil society as a development issue. United Nations Development Programme (UNDP) and United Nations Children Emergency Fund (UNICEF) have introduced procedures to provide voluntary associations with greater access to their systems. Assumptions about the nature of NGOs have allowed the issue of 'access' by the voluntary sector to dominate discussions about civil society within the UN (Whaites, *op. cit.*). In recent years, the social capital concept appears to have been caught on with the influential global institutions such as the International Monetary Fund and the World Bank.

The idea of civil society has now taken on a political dimension as some donors have become preoccupied with 'good governance'. This tendency has acquired an economic as well as moral rationale with the 1991 World Development Report, in which democracy has been projected as not only ethically desirable but also more efficient (*ibid.*). The World Bank recognizes that civil society plays an especially critical role in helping to amplify the voices of the poorest people in the decisions that affect their lives, improve development effectiveness and sustainability, and hold governments and policymakers publicly accountable. The success stories of the sustained voluntary efforts need to be taken note of in order to strengthen the civil society, which appears to be entangled in the web of pressures and misconstructions.

WHAT PLAGUES THE CIVIL SOCIETY?

The growing importance of civil society has also brought with it a variety of constraints and pressures. In reiteration of some of the maladies that have inflicted civil society, it can be pointed out that civil society has not been conceptualized tightly, which is why varied perspectives on its meaning, nature and composition have come to cloak its very essence. It has been observed that just as the attention paid to the state has failed to account for civil society, the focus on civil society fails to comprehend its complex relationship with the state. For instance, in India, civil society is seen by most theorists as a volatile association of social groupings, which are based on caste and kinship linkages, or on religious mobilization as much as on voluntary social associations. The problem with this kind of formulation is that it fails to distinguish between counter-civil society movements. Society, in this perspective, is collapsed into civil society. The civil society is thus being treated as a residual category, as a veritable collection of everything that is not the state. It has become a conceptual ragbag, consisting of households, religious denominations, and each and every activity, which is unconnected with the state (Chandhoke, *op. cit.*).

Community identities, as has been observed, have always been fluid in India. This fluidity gives considerable scope for political enterpreneurs to reshape the boundary and the concerns of the identity of a community. In recent years, the process of modernization and participatory politics and access to media and other technological devices have actually increased the mobilization potential and sharpened the self-image of splinter ethnic groups and sub-national identities, quite contrary to homogenizing efforts of modernizing elite (Bardhan, 1999). When civil society is seen as tradition, the internal contradictions between communities and within communities are completely overlooked. It has been argued that the well-being of modern institutions can be guaranteed only if civil societies are understood as comprising truly autonomous bodies. There is a need to be wary of giving in to traditional solidarities and associations as they are inimical to the modern institutions (Gupta, *op. cit.*).

Civil society by itself, it has been maintained, has no teleological virtue, unless it is accompanied both by an interrogation of the sphere itself and a project for democratizing civil society. And a call for rolling back the state, has no particular virtue, unless it is accompanied by a determination that the oppressions of civil society will be dismantled. The ability of civil society to prevent the state from exercising absolute control is an essential but not a sufficient condition for democracy. The existence of civil society as a sphere of participation, deliberation, dialogue and contestations is no indication of the capacities of individuals to participate in all these activities (Chandhoke, *op. cit.*).

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Critics even point out the various limitations of the idea of social capital in explaining state-society interactions in the context of developing countries. It has been averred that there are a few potential problems associated with the development of civil society institutions that would nurture social capital. Looking at the state-civil society institutions develop in an authoritarian environment and what the state can do in enabling the growth and expansion of those institutions, the emphasis is on the 'recursive cycles of interaction between state and civil society actors'. Putnam's work is derived from the historical experience of Italy that suggests that a country's stock of social capital is inherited. Social capital with Putnam's framework thus cannot be accumulated (Sobhan, *op. cit.*).

The tendency to equate civil society organizations with NGOs, as discussed earlier, limits our understanding of a broad process of interaction among different types of organizations. The concept of civil society has been 'grabbed' by NGOs as one relating closely to their own natural strengths. On the surface, civil society is intimately connected with the role of local community associations or groups, and with the indigenous NGO sector. Among donors, interest in civil society has been associated with the evolution of the conditionality of aid in the 1980s. Donors have begun to re-appraise the role of civil society in providing a foundation for sustainable democracy. The combination of donor, NGO and UN interest provides the background to the civil society 'grab' (Whaites, *op. cit.*).

The states are now adopting new strategies, using NGOs for their own purposes (He, Baogang, *op. cit.*). Some critics see the recent quests for community control as little more than a state-orchestrated managerial reform to take over institutions. Others view it as an interpretation between state and community spheres that is more than genuine community control. Still others portray it as an attempt to redress profound crises now confronting capitalist classes (Brathwaite and Strang, *op. cit.*).

The growing size, sophistication, and influence of the Global Civil Society Organizations (GCSOs) has to be analyzed with caution. The GCSOs, it has been put forth have been facilitated and actively encouraged by one main factor; the neo-liberal consensus that emerges from the power centres in the West. Among other things, the consensus dictates: (a) the state in particularly Third World countries should withdraw from the social sector, (b) the market should be freed from all constraints, and (c) communities in civil society should organize their own social and economic reproduction and well-being. The state has been liberated from its traditional responsibilities of providing the conditions of human flourishing (*The Hindu*, Jan. 16, 2002). The vision of civil society *sans* well-defined role of the state is replete with serious consequences, which not only weakens civil society, but also jeopardizes the future of GCSOs.

It has been pointed out that by drastically reducing the importance of proximity, the new technologies change people's perceptions of community. The potential for building global civil society might come at the expense of weakened identity with one's state and with the civil society within the country in which one has one's primary abode (Schechter, *op. cit.*). Instead of playing a positive role in building civil society, the media too, many a time, camouflages important issues. The mediascape, for instance seems to give its subscribers a sense of collective identity and participation in public affairs. At the same time, it also reduces the discussion of vital issues to caricature, leaving people interconnected, but dangerously uninformed. Mediascape is the domain on which people project their consoling fictions of power and wholeness. The mediascape has the power to transform existential conflicts into games to displace the substantive with the symbolic (*The Hindu*, March 23, 2003).

Francis Fukuyama in his essay 'The End of History' (1989), has offered a vision of a world purged of ideology, in which history has come to an end because there are no alternatives to the institutions of the present, representative democracy and the market. The future would, therefore, be the endless repetition of more of the same, with politics centred in bureaucratic problem-solving, limited social engineering and liberal compromise (Hirst, 1994).

This indeed is a very pessimistic projection of the socio-economic and political reality. Even though the alternatives to absolute state or market control over production and provision of goods seem elusive, they are not completely out of reach. Democratic decentralization, participative decision-making, and community management of resources through different civil society organizations can solve the problem to some extent. Voluntarism and associationalism have been a part of the culture in the developing countries, their pertinence needs to be harnessed; more so in the globalization context. The very fact that the number of community organizations, voluntary agencies, self-help groups, and non-public, non-market associations has grown tremendously is a step in the right direction.

A PERSPECTIVE ON FUTURE CIVIL SOCIETY ORGANIZATIONS

The reappearance of civil society institutions has historically heralded the advent of democracy. In fact, to a large extent how we conceptualize and evaluate civil society depends on how we visualize democracy, the converse also holds true. Democratic political theory privileges civil society because it assumes that the existence of democracy is inextricably bound up with that of civil society (Cohen and Arato, *op. cit.*).

The increasing labeling of civil society as NGOs and vice versa

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needs to be addressed. For some NGOs, the labeling of all potential partner groups as 'civil society organizations' reflects the continued acceptance of a universalistic view of civil society. As has been observed, when civil society is referred to as 'sphere of public debate', its meaning transcends the synonymous treatment with NGOs that it receives. For instance, newspaper readership is used by Robert Putnam as one of the indicators for contrasting the strength of civil society in Northern Italy with its weakness in the South (Fisher, *op. cit.*). Questions that need to be taken up are: how do NGOs separate beneficial from non-beneficial civil society, how do they maintain autonomy and accountability, what type of self-regulation do they follow and how do they weave a strategy for nurturing civil society into a strategy for building the capacity of the state (Eade, 2000, *emphasis added*).

Given the importance that donors and NGOs attach to the concept of civil society, it matters a great deal that NGOs do not slip into the divide over the meaning of civil society, particularly where societies are heterogeneous and divided. The ways in which NGOs perceive civil society, and consequently plan projects to facilitate the work of civil associations, can have a significant effect on the extent of devolution of civil society in the countries in which they work. The NGOs should try to explore the full theoretical implications of civil society and clearly articulate their own interpretations of its nuances (Whaites, *op. cit.*).

Recent decades have brought general retreat from centralized governance, which has shifted focus from a unidimentionality of statism to a multidimentionality of local, national, regional and global layers of regulation. Although large-scale globalization has not dissolved nation-states, this form of collective identity has lost its previous position of overwheming primacy. In the late 20th century, world politics is also being deeply shaped by sub-state solidarities like ethno-nations and by non-territorial, transborder communities based on class, gender, race and religion, etc. (Scholte, *op. cit.*).

There is a strong emphasis on community not as a social or geographical construct, but as a virtual space of shared cultural and moral affinities that express the ethics of self-governance. The focus is on the fair, rights-based, practical shaping of daily institutional practices in each sphere of individual life. Informal community initiatives are now being organized all over South Asia, with or without government help and they have often succeeded in serving those most vulnerable sections of society that governments find difficult to reach. By opening spaces for civic engagement, CSOs, households, businesses and the media can contribute to governance processes for human development in general and an improvement in the lives of local communities in particular. The emergence of the self-instituted civil society as an independent social partner alongside

formal political and economic structures, will thoroughly modify governance systems (Human Development in South Asia, 1999).

The post-modern discourse has also been helpful in understanding the role of local narratives and marginalized groups in civil society. It has been averred that the political solution to the crisis of representation offered by post-modern politics has been to privilege difference over reductive unity and identification, historical plurality over political monism, and multiplicity of representations over collective projects. In sum, collective projects based upon priorities and preferences have been rejected, and the argument that multiple social struggles articulating specific, local and personal issues should be prioritized, has been privileged (Chandhoke, *op. cit.*).

In July, 2002, the World Civil Society Forum met in Geneva to discuss issues that would help in strengthening international co-operation between civil society and international organizations (Callahan, 2002). The implications of global civil society are hazy, yet tantalizing. Some ponderables could be: will huge networks and coalitions of citizen activists come to rival international governmental organizations (IGOs) in the next century as leading vehicles of transnational co-operation, will new democratic processes arise at the worldwide level that can offset the clout of global capital, and will national public policy debates increasingly be influenced by social and economic norms that hold sway globally (Callahan, 1999).

NGOs and social movements must keep in view that their influence on the process of global governance will remain quite limited unless they succeed in effectively channelling national governments' action and influencing the allocation of resources mobilized by governments and multilateral institutions (Zoninsein, 1999). The new trends in globalization cannot be a remedy for all ills. Socio-economic development has to be indigenous, contextual and innovative; especially in the developing countries, where community plays a pertinent role in production of goods and services, more so, at the micro-level, the solution lies in 'glocalization'. There is a need for more research in the areas of community building, democracy and citizenship, role of global civil society and collaborative networking among the NGOs. It has been pointed out that Village Councils in which women and dalits have a central place will be a genuine institutional innovation. They can give a new lease of life to democracy in India (*The Hindu*, Sept. 3, 2002).

To be usable today, the category of civil society must be reconstructed. 'Reconstruction' could be defined in the non-systematic sense, as 'taking a theory apart and putting it back together again in a new form in order to attain more fully the goal it has set itself' (Cohen and Arato, *op. cit.*). The 'resurrection of civil society' that pushes the democratization process forward is possible in either case, with or without surviving forms of recognized association, with or

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without memories of earlier mass mobilization. What is needed is a civil society, which is seriously engaged in self-reflection, is preoccupied with the means used to accomplish its tasks, and which brings about slow and incremental but substantial changes in the state. A civil society that is accessible and responsive to the subalterns, marginal and the radical (Chandhoke, *op. cit.*).

A critical narrative of civil society has to include those features of the sphere, which make it vulnerable to class oppression. Critical theory has to look at the oppressions of civil society itself. It has to see how this sphere needs to be democratized by social movements before it can become the basis of supportive structures and communitarian self-help organizations (*ibid.*). Political forms need to be understood in their relationship with the anatomy of civil society (Urry, *op. cit.*).

There is an urgent need for the government, civil society and private sector to work as partners in crucial areas of participatory development. Without a civil society to nourish engaged citizens, it has been observed, politicians turn into 'professionals', out of touch with their constituencies; while citizens are reduced to mere antagonists or turn into ungrateful clients of government services they readily consume without being willing to pay for (Barber, *op. cit.*).

Market-state endeavours have overwhelmed the economy in the recent past with many public sector enterprises divesting and opening up to private enterpreneurs. There have been successful ventures between state and civil society, especially in the areas of information technology and resource management. It has to be seen how market can fruitfully associate with state as well as civil society in the future. The convergence between NGO and informal profit-oriented enterprises, it has been observed, offer some promise for building a different model of society. Since profits generated within this new 'non-profit-for profit' nexus are invested in public as well as private goods and services (Fisher, *op. cit.*).

Third-sector endeavours have found favour with the theoretical and applied developments in administration. The public choice approach and now the New Public Management (NPM) attempt to provide alternatives to bureaucratic hegemony. But the public choice perspective seeks to reduce individuals to utility maximizers; it does not provide the mechanism for arriving at a collective general interest. The NPM, on the other hand, treats the citizens as mere clients and consumers. The pluralistic, communitarian, New Public Administration and Network Agency perspectives give due regard to community, non-bureaucratic institutions and values, but do not attempt to develop the idea of autonomous, self-reflective, humane and conscientious civil society with accent on genuine public interest.

A third paradigm that treats citizens as equal partners in development with due regard to goals of equity and social justice is therefore needed. Anthony Giddens argues that democracy needs to be broadened and deepened, with government acting in partnership with agencies in civil society so as to combat civic decline. The retention of high levels of autonomy and self-organization will be important if these agencies are not to be swamped by distorting state power. Established traditions of participative planning and community development can be complemented by experience in direct democracy (Ferlie and Fitzgerald, 2002).

Jurgen Habermas has put forth that the institutions of civil society must act to protect the autonomous development of public opinion in the public sphere from being undermined by state bureaucracy and economic power of the market. He is of the view that public opinion that is worked up via democratic procedures into communicative power in civil society though cannot rule itself, can certainly steer the use of administrative power in specific directions (Baker, *op. cit.*). In fact, this viewpoint renders the contemporary civil society different from its earlier counterpart. Habermas makes a distinction between symbolic and system-integrating functions. The earlier symbolic aspects of family and interpersonal relations based on consensus have been taken over by the system-integrating functions that relate to political power and economy. The present day civil society is concerned more with rectifying the market and state through empowerment of the marginalized (Gupta, *op. cit.*).

Successful civil society institutions is a world-wide phenomenon. Micro-credit Societies in Bangladesh, Bonding Associations in Panama, Women's Groups in Kenya and Local Credit Networks in Gautemala are some instances that can be cited. Some examples of civil society initiatives in India include Pani Panchayats, Bal Manchs, Sangharsh Samitis, Fodder Banks, Grain Banks, Citizen's Forums, Bhagidhari Associations, Narmada Bachao Andolan, Tehri Dam Movement and so on. The Panchayati Raj Institutions through their Gram Sabhas have been successful in bringing the civil society closer to the government to some extent.

At the Asian Social Forum held in Hyderabad in January 2003, people from all over the world expressed that they did not want to privatize essential services such as the water supply but at the same time did not want the state either. An opinion voiced by a member of the water supply organization of the citizens in Bolivia has a profound implication. He said that private enterprises are for rich people and state enterprises are basically private enterprises of the political party. What is needed is an enterprise based on four pillars of management: transparency, efficiency, participaton of people and social justice (*The Hindu*, Jan. 9, 2003).

It is heartening to note that it is possible today to have the World Social Forum or the Asian Social Forum to bring together a

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range of different movements and activists—socialist and dalit movements; movements for sustainable livelihoods; women's movements; environment activists and peace activists among others. The Asian Social Forum brought together more than 15,000 people from the continent. The World Social Forum had more than 60,000 people raising their voice against all forms of violence, discrimination and oppression (*The Hindu*, March 9, 2003).

In wanting to open up new democratic terrain, the core justificatory principle is that major arenas of social, economic and political power—power over people's lives and power that shapes the life of society itself—should be harnessed into a doctrine of democratic responsibility. This is a responsibility that acknowledges a framework of obligations and accountability, recognizes a range of legitimate stakeholders and seeks ways in which these stakeholders can have an effective voice. An approach of this kind will not be impressed by attempts to construct iron walls between 'public' and 'private' centres of power, but will instead want to apply the doctrine of responsibility to both (Barber, *op. cit.*).

This new thinking should not be seen as a shift in power from the state to civil society, but rather as the natural evolution of the relationship between those who govern and those who are governed. Couched in positive terms, governments are learning to govern better through heeding the popular voice; and citizens are learning to be better citizens through exposure to the regular rules and disciplined practices of associations of civil society. The private sector has a large stake in the expansion of civil society because civil order fosters economic growth. The synergies arising out of the emerging relations between the state, private sector, and civil society must thus be put to practical use (Rahman, *et al.*, *op. cit.*)

Community endeavours have become more pertinent with the receding of the state from certain areas and the influx of market associations at the national and international levels. To understand the transformative role of the civil society, its undertones have to go beyond its interlinkages with NGOs and other community based organizations. Other indicators of civility have to be sought. A well-informed and well-informing media could bring in the necessary change. All institutions in society cannot be considered as civil society organizations. They must have a specific purpose, a clear-cut agenda, an organized modus operandi, an autonomous functioning mechanism and a self-reflective evaluation capacity.

What needs to be seen is that the civil society organizations do not assume anti-democratic, fundamentalist and oppressive proportions. A clarity on their boundaries, access, role and functions is a precondition for their success. A country rooted in strong civil society traditions could ensure that all the prerequisites of good governance namely transparency, efficiency, accountability, participation and

responsiveness are realized. This is possible only if conditions for a mutually advantageous existence of state, market and community are nurtured and sustained in the present globalization context.

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27

Creating Alternative Institutional Arrangements: Role of User-group Self-initiatives

— Madhushree Sekher

Against the backdrop of the advances in globalization and the debate on the retreating state, the pertinence of the role of non-state actors in public administration has once again become a topic of discussion. There is a growing demand regarding the handing over of functions that were hitherto performed by the state to the civil society organizations. By civil society, we do not merely mean the voluntary agencies, non-governmental organizations, research and training institutions or private bodies. If one may broaden the definition a bit, all micro-level self-help groups, community-based organizations, credit societies, grain banks, think tanks, etc. will fall under the domain of civil society organizations. In fact, the civil society and the state nurture each other and work on the bases of mutual trust and cooperation. An interface between the state and the civil society organizations could prove to be very beneficial for administration especially in the areas of resource utilization and programme implementation.

This chapter that discusses the role of *community forest management through self-initiatives of users* aims to highlight this interface. It makes an attempt to explain the role of self-initiated micro-institutional strategies in participatory resource management considering that there are a number of instances in many developing countries, including India, where local users are managing natural resources without prior government approval. Identifying such indigenous systems and building upon their strengths are critical steps towards establishing resource management systems that do have

government approval. The chapter essentially limits itself to emphasizing such possibilities with a view to derive insights and suggest prescriptions for scaling-up and replicating such indigenous systems for strengthening management of community-based resources.

The chapter first discusses some theoretical arguments underlying collective action and natural resource management, and then elaborates the framework of analysis on the basis of insights drawn from a methodological field study, undertaken by the author. It provides a situational analysis of the organized participatory resource management process as mediated through self-initiated institutional strategies of the resource users themselves. Finally, it presents the summary of the main observations, outlining the critical factors in the community and resource mobilization; as well as the indigenous institutional strategies that influence cooperation among individuals in a situation of interdependence.

DETERMINING COLLECTIVE ACTION: THEORETICAL PROSPECTS

An important dimension of participatory development scenario pertains to the management of natural resources and tackling environmental problems. It is specially so in case of (i) resources used as public goods, which allow access to all and collective consumption of benefits in the same quantity; or (ii) common-pool resources, which have the physical characteristic of public goods that make them accessible for community usage characterized by being jointly of consumable and non-excludable use on the one hand, and on the other hand are subject to the problem of 'subtractibility' of resource units (as with private goods) so that their appropriation by one user affects that of others.[1]

The externalities associated with individual actions in the appropriation of such resources often give rise to environmental problems that threaten the resource sustainability. In view of the interdependencies created by their nature, there is an acknowledged need for participatory management of such community-based resources (Martin, 1992; Hess, 1999). Implicit in this is the need for suitable institutional[2] arrangements for resource management and its regulated use of all the rules, including social norms and conventions;

1. For an understanding of these resource-management regimes, see: Ciriacy-Wantrup and Bishop, 1975; E. Ostrom 1990; Dasgupta and Maler, 1997; McKean, 1992, Sekher, 2001.
2. There are definitional ambiguities about what constitutes 'institutions'. But the most common usage is to refer to them as formal rules and informal constraints (social norms, conventions and code of conduct) and their enforcement mechanism (the structure) that shape individual behaviour and facilitate coordination among people aimed at achieving the desired outcomes (North, 1991). For a brief description of 'what are institutions', see: World Bank, 2002: 6–7. In this chapter, the words 'institution' and 'organization' have been used interchangeably.

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and organizations (formal and informal) that govern individual actions and facilitate coordination among people in the process of its use and management.[3] Undoubtedly, the seminal work of Ronald Coase (1937), which has sought to demonstrate that problems of externalities and public goods do not automatically call for government interventions and that solutions are possible through negotiations and enforcement of property rights, has been among the initial important works to focus on institutions for addressing environmental problems. Following its path, a number of studies have tried to trace environmental problems to institutional failures, addressing both market institutions and inappropriate government policies (Dasgupta and Maler, 1997).

This recognition of institutional failure as one of the causes of environmental degradation, together with the current thrust in development debates on promoting participatory resource management is manifest as an interest in strengthening or creating alternative institutional arrangements as a strategy for promoting resource conservation through cooperation of resource users. Forest management by indigenous organized systems has, in recent years, become a major movement in South and Southeast Asia (Lynch and Talbot, 1995). In India alone, there are thousands of such self-initiated protection groups that are protecting several hundred thousand hectares of state owned forests.[4] These micro-institutional arrangements for location-specific vegetation/forest management practices are primarily confined to areas where people continue to have strong economic dependence on forests and where a tradition of community resource management is still surviving (Sarin, 1995).

With the expansion of JFM (Joint Forest Management)[5]

3. The word management implies a process of administrative and operational control to gain influence and meet specified goals, often with limited resources (Concise Oxford Dictionary, 1998). This general definition involves a wide gamut of management systems, from simple rudimentary structures to highly structured and complicated forms. In this study, where the focus is on people managing natural resources, 'management' is used in its broadest sense to refer to unstructured and simple cooperative arrangements of resource user-groups.
4. As per the State Forest Report, 1999 (FSI, 2000), the recorded forest area of India is 76.52 million hectares, which constitutes 23.28 per cent of the total geographical area of the country. The forest area has been classified into 'Reserved, Protected and Unclassed' forests constituting 54.44 per cent, 29.18 per cent and 16.38 per cent of the total forest area, respectively. In reserved forests, all activities are prohibited, unless permitted. In protected forests, local villagers are allowed to exercise certain rights, unless prohibited. In unclassed forests, locals have free access. Interspersed within the recorded forestland, there are patches of 'revenue land' that can be privatized. While the ownership of forests rests mainly with the government, in practice communities have de facto access to the states' unclassed forests, rights and privileges in the protected forests and limited access to reserved forests.
5. The JFM programme represents an historical shift towards decentralization of forest management in India through the New Forest Policy of 1988. Coming into effect in June 1990, it involves a participatory forest management system between the village community (the resource users) and the State Forest Department. Under this system, the rules and regulations regarding protection of forest, formation of the village forest protection committee and sharing of the forest usufructs are laid down by the State Forest Department (at the village level, this involves participatory management through 'government-engineered local organizations'). For details on India's JFM programme see: Sarin, 1995; Forest Survey India (FSI), 2000.

programme in India, there have been evidences of conflicts in the interface between State Forest Departments and many self-initiated forest protection groups, the latter very often refusing to participate in the JFM programme of final felling of mature forest (a central agreement of the JFM programme) and sharing timber with the forest department (Conroy, *et al.*, 1999; Raju and Sarin, 2001). At the same time, most of the self-initiated strategies lack a legal status, as the forests are state-owned. The user-groups have only an acquired-privilege over the forest they are protecting, arising out of the right of their protection and management of it. This implies that the self-initiated groups, to function effectively, need an enabling legal and administrative process (World Bank, 1998).

The challenge, thus, being posed by the self-initiated strategies to government initiatives is that of strengthening existing community management efforts rather than moulding them to fit into the official framework. This necessitates a reordering of the role of state agencies and people's own institutional strategies with the state taking on the role of a facilitator. This entails a need for better understanding and learning from the diversity of indigenous local organizations and generating information for policy makers. The justification for participatory resource management is stated as the need to ameliorate degradation of our natural resources. However, the tendency of humans to over-use resources in the public domain implies the possibility that social optimal outcomes in managing resources accessible for community usage may be undermined, creating incentives to 'free-ride'[6] (Baumol and Oates, 1988).

To prevent this, there is a need for institutional interventions guiding resource use so that while user rates do not result in asset depletion, a benefit stream is also secured to group members incorporating their interest, which provides incentives to the users for adopting or accepting cooperative strategies; individual incentive to user-group members in terms of usufruct rights and collective incentive to the group arising out of better resource condition. Reflecting this argument, many of the existing theoretical literature[7]

6. Free Ride: In many situations, a group wishes to undertake joint actions, which would bring benefit to all members of the group. The benefit that would accrue from the collective action is in the nature of a public good. This traditionally means a type of good where it is difficult to exclude any individual from getting the benefits. In his seminar analysis of such actions in 'The Logic of Collective Action' (1965), Olson showed that large groups find it difficult to get a lot of benefits. The reason is considered as a free rider problem. It means that individuals realize that benefits will accrue to them irrespective of their participation in the collective action. So each individual has a tendency to free ride at the expense of others. For more details, see: Olson (1982) 'The Rise and Decline of Nations'.
7. For a succinct review of collective action theorization for managing natural resources used as common-pool resources, see: Hayami and Ruttan, 1985; National Research Council, 1986; Runge, 1986; V. Ostrom and others, 1988; E. Ostrom, 1990 and 2000b; North, 1990; Oakerson, 1992; Nugent, 1993; Alston and others, 1996; Edward and Steins, 1998.

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while examining institutional requirements for participatory natural resource management posit that, while the role of transaction cost and property rights in shaping incentives cannot be ignored, the central factor is changes in the net benefits perceived by the participants using a community resource.

What then is the kind of institutional arrangement required for participatory management of community-based natural resources? While cooperative behaviour is the dominant form analyzed in the studies on resource management because of the assumption that cooperative transactions necessarily involve mutual gains, it is with regard to the institutional arrangements that the debate exists. Those intent on individualizing people's use of natural resources have found much comfort in Hardin's allegorical phrase 'tragedy of the commons' (Swallow and Bromley, 1995). They argue that individuals are not likely to cooperate even when such cooperation would be to their mutual benefit, justifying their contention by using n-person prisoners' dilemma game[8] (Hardin, 1971, 1982).

Grounded in the Olsonian argument (Olson, 1965) of individuals as self-interested persons operating on the principle of rational choice who would cooperate and contribute to a public good only if the group is quite small or if there is coercion or some other device to make individuals act in common interest, this 'rational individual model' underpins the need to have externally enforced institutional arrangements to achieve the objective of users' cooperation in the resource management (Ostrom, 2000a). This argument presumes that outcomes chosen individually, either as an individual action or a collective-action, may be one of disequilibrium and that one way of overcoming this is through compulsory enforcement of the contracted outcome (Sen, 1970).

However, studies also recognize the far-reaching and often adverse implications of binding enforcement and acknowledge that this problem can be avoided by developing behaviour patterns such that people voluntarily stick to a contracted action (Sen, *op. cit.*). This underscores the contention that the existence of conflicts arising from individual self-interest do not preclude the possibility of attaining unanimity in individual behaviour patterns, particularly when the object is to prevent external costs being imposed (Buchanan and Tullock, 1962). In other words, there is a possibility for cooperation among users in the use and conservation of community resources,

8. Prisoners' Dilemma: It is a situation arising in a broader situation of human interaction. Often, humans take actions and employ strategies where the gain to each is dependent on the actions of all individuals, not necessarily only in cooperation. All such situations can be analyzed using game theory. The Prisoners' Dilemma is a broad class of games where each player acting individually takes actions, which are rational, and could be considered the best action, given the best that everybody else does. Yet, all the players end up in situation where each is worse off than he would be if he had applied a different strategy.

which stems from a need to internalize pervasive externalities so that the resource stock is maintained and the group jointly benefits.

This premise derives authenticity from extensive studies, which both empirically and theoretically establish that individuals voluntarily organize themselves under conditions of ecological interdependence to maintain the existing resource base (Martin and Hess, *op. cit.*). Further, the growing literature on social capital and networks of civic engagements suggests that multiple involvement in a community may promote mutual assurance among social actors and that traditions and shared understanding among the group members can be the reason for collective action.

This forms the basis for the emerging 'communitarian' argument as an alternative micro-theory of institutions and individual behaviour determining voluntary cooperation in resource management (Hayami, 1981; Gupta, 1994; Lele, 1999; Ostrom, 2000). Drawing on the reality of user-group initiated resource governance regimes, this perspective emphasizes cultural and societal issues including the value of life the individuals lead in building reciprocity and mutual trust among them, and strengthening member allegiance to one another. Using this reasoning as a basis, the communitarian argument explains the willingness of the 'rational' individuals in a community to design their own institutions that reinforce cooperation among resource users rather than destroy it. Under such conditions, the collective good becomes the rationally accepted means of self-interested individuals for securing their individual good.

It is this perspective that provides the theoretical justification for the analysis of indigenous local organizations in participatory management of community-based resources. While external factors like market forces, demographic pressures and state policies also influence micro-institutional arrangements for participatory resource management, effort is to focus explicitly on the process as an exercise within the cooperating community. This forms the local enabling environment in the present analysis and broadly involves three influencing inter-community factors: (i) the socio-economic characteristics of the group; (ii) the nature of its dependency on the resource; and (iii) the institutional provisions regarding leadership and rule formulation.

METHODOLOGICAL ISSUES

Orissa is the central eastern state of India. It is the second poorest state in the country with about 87 per cent of its total population of about 37 million living in rural areas, depending mostly on agriculture and allied sectors, and of whom 50 per cent are below the poverty line (Mearns and Sinha, 1998 *updated*). With a recorded forest area of 5.2 million hectares constituting about 36 per cent of its total geographic area of 15.57 million hectares and a per capita forest

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coverage of about 0.23 hectares compared to the national average of 0.11 hectares, the state has more forest cover in the country than many other states.

With a rich history in participatory forest management, Orissa is the first state in the country to issue the JFM resolution in 1988. At present, about 0.42 million hectares of forest in the state are managed by 3,704 Village Forest Committees under the JFM programme (FSI, 2000). The sheer magnitude of the people's efforts in the state has also made it the only state in the country to officially acknowledge their existence through its latest JFM order (1996), which refers to the relevance of community initiatives and suggests granting clear rights to villages to protect and manage their forests. Roughly between 8,000 to 10,000 villages in the state alone are engaged in self-initiated forest protection.[9]

Referred to as 'Community Forest Management' (CFM) as distinct from state-sponsored JFM, such self-initiatives have a long history in Orissa. However, it is since the last two decades that CFM in the state has taken the form of a people's movement. Today, in almost all the 30 districts of the state, villagers have come together to manage forests as a spontaneous response to a perceived environmental crisis caused by the destruction of forest surrounding their habitats (Mitra, 1997). In an effort to strengthen the people's initiatives and increase their collective voice, federating efforts aimed at building networks of self-forest-protecting villages have been made culminating in the formation of the 'Orissa Jungle Manch' in the year 2000.

A little over half of the protected forest in the state is categorized as demarcated 'protected forest' and the rest is 'undemarcated protected forest' including village forest (Mearns and Sinha, *op. cit.*). While rights and privileges of local communities are restricted in reserved forest and are more liberal in demarcated protected forest, the undemarcated protected forest is generally treated as an open access land and is therefore degraded except where community protection has started (Saxena, 1996).

The field study on which this Chapter is based has been undertaken in the present Nayagarh[10] district of Orissa. The Nayagarh district has witnessed some of the major CFM efforts in the state. This field study is based in two purposively selected villages in Nayagarh district of Orissa: Koshaka (non-tribal) and Gundurabari

9. Rough estimates about the number of villages having indigenous forest protection, as reported during the field study by functionaries of the Regional Centre for Development Cooperation (RCDC), a local non-government organization working as a support organization with forest protection communities in Orissa for several years. It is currently engaged in estimating the number of indigenous forest protection groups in the state.
10. Now the total number of districts in the state has increased to 30 following district/subdivision reorganization between 1992 and 1994.

(tribal). With a geographic area of a little under 3 per cent of the total area of the state and accounting for about 3.5 per cent of the recorded forest cover in the state (FSI, 2000), the district has around 600 villages where indigenous community forest protection exists (as per the 'Jungle Surakshya Mahasangha' records, a networking forum of indigenous forest protection village groups at the district level has been constituted during the 1990s).

The analysis assumes an association between the institutional and group characteristic (the social context), conditioned by the groups' nature of dependency on the forest (the bio-physical context), which influences conformance with the self-evolved institutional strategies for resource management. The community participation in the resource management activities is viewed as an outcome of this association. The analysis takes off from the point that community-participation in resource management exists in the selected villages.

First, an attempt has been made to analyze the group preferences for the self-designed rules-in-use and the consequent conformance of the members to the resource management provisions. This is followed by an examination of the user-group characteristics to identify the societal conditions contributing to the emergence of self-initiated resource management strategies and the group conformance to the management norms. The type of forest produce appropriated by the community is then explored to understand the groups' dependency on the resource and its influence on their conservation strategies. Subsequently, the impact of the institutional strategy on the groups is assessed by examining the members' participation in the management process based on their perceptions.

INSTITUTIONALIZING SELF-INITIATED RESOURCE CONSERVATION: A SITUATIONAL ANALYSIS

A pattern of relationship between the indigenous institutional strategy and community involvement in conserving forests has been observed in the surveyed villages of the district. Since the analysis takes off from a situation where community involvement in conserving the resources already exists at the outset, it would be interesting to analyze the rule preference among the primary user-group members (the households in the village protecting the forest and henceforward simply referred to as the user-group) in order to get an insight into the institutional robustness of their conservation efforts.

Undoubtedly, the fact that the self-initiated forest protection efforts in the two villages have been in operation for quite sometime itself can be viewed as an evidence of the institutional robustness, reflecting its sustainable nature. But, what is the group preference for

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the rule structure and how much does it conform to indigenous institutional conditions is a crucial question? These conditions form the strength of such self-initiated institutional strategies and understanding them could contribute much towards any effort aimed at evolving micro-institutional strategies for participatory resource management.

In an effort to examine the rule preferences among the user-group members, a listing of the major rules for resource management under the two self-initiated strategies has been attempted. Sixteen rules in all have been identified and listed for each of the two villages. The rules are broadly categorized as: rules for delineating the members and the leaders; rules specifying guidelines for resource maintenance and protection; and rules laying down access, use and enforcement guidelines. These rules formalize user-interactions *apropos* to the forest protected, not only within the protecting community but also in other village communities in the vicinity (secondary user-groups). A low level of disagreement with the existing rules has primarily been observed with regard to the rules determining access to the resource.

The existing access guidelines in Koshaka village have totally prohibited entry into the protected forest area during the initial five years of protection and subsequent seasonal restrictions on usufruct collections (every year restrictions are imposed on collections for about two months following summer) so as to allow natural regeneration during the rains and to prevent theft of trees fallen or burnt during the summer heat. In Gundurabari village, on the other hand, though the existing access rule permits usufruct rights to the user-group members from the beginning of the protection activities, collection of timber has been allowed on payment of a nominal fee to the village fund. Under such conditions of regulated access, the relatively poorer among the villagers have shown some disagreement with the rule, preferring instead unrestricted usufruct rights for the user-group members from the beginning of the conservation activity.

In Koshaka, all the categories have shown preference for unrestricted entry and usufruct rights including the large landholding class. This rule provides for these rights from the beginning to the user-group members, except in the case of collection of timber for which a nominal collection charge has been imposed. While some have preferred unrestricted entry and usufruct rights to the members from the beginning, the interesting picture that emerges is the people's willingness to pay some collection charge for the produce collected. What needs to be recognized here is that this willingness is for a forest product that, though important, does not directly have an impact on their livelihood. However, the fact that more than an impact on their livelihood. However, the fact that more than [illegible] with the existing rule in Gundurabari, also suggest

The analysis of the field survey shows that an important ground reality often ignored by development protagonists is that there are certain areas where, despite inequalities, people residing in a particular locale do act together for a common cause. This is often in the realm of scarce natural resource management, especially forest, wherein there is a perceived flow of benefits to the community and wherein everyone loses out in the absence of cooperative efforts to preserve it. The important issue here is the flow of benefits from the resource, which give the villagers the incentive to contribute to its protection. It can, therefore, be assumed that the indigenous forest management initiatives in the two villages have ensured this by not only providing the rules aimed at conserving the resource but also guaranteeing that the villagers received benefits from it.

At the same time, it also needs to be stressed here that the restrictions on access observed in the two villages have been grounded on an understanding of local conditions (indigenous reasoning), which are acceptable to all in the community and hence do not face much opposition. The low disagreement among the user-group members in the villages for the existing rules could be explained by taking into consideration three broad influencing conditions, namely socio-economic, resource and institutional conditions.

Socio-economic Conditions

The socio-economic conditions of the group studied have revealed that though the two selected villages vary in terms of caste, both are backward agrarian-subsistence economies. This is why the privileged and the underprivileged cohabit in an environment of cooperation aimed at mutual gains. They have reflected what could be termed as 'benevolent feudalism'. Mutual exchanges centre around capital and labour. The exchanges have been in the nature of cooperation for security and survival.

These type of mutual exchanges in small peasant communities comprising households having meager resource endowments and low productivity, facilitate the emergence of other cooperative behaviour patterns among the households for the use of scarce resources through customary rules and institutions (Hayami, 1981). This fact has been evident in the two villages wherein a tradition of co-action has always existed for tackling various local problems. For example, in Koshaka village there is a concept of '*kotha sampathi*' (village common property) referring to common goods like the village temple, or '*kotha ghara*' (community hall), referring to grain bank, mango grove and village pond (in addition to the forest managed by them). The maintenance of these public goods has been the responsibility of the entire village.

Similar cooperative efforts have also been seen in Gundurabari [illegible] in the management of the village temple, village

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tank; and a 'thrift fund', which is managed exclusively by the village women for meeting their needs. Thus, a strong tradition of cooperative action and the consequent enduring relationships observed in the two villages can be viewed as the social base, conditioning the cooperative endeavours among the groups, leading to the emergence of the self-evolved institutions.

Resource Conditions

The second contextual factor is the nature of the user-groups dependency on the resource protected. Based on Barrett's (1988) categorization of use values derived from actual use of species and eco-systems (Jakobsson and Dragun, 1996), it is assumed here that the people depending on the forest derive two types of direct use values, namely, a consumptive use value and a productive use value. While the consumptive use is more of a livelihood support system mainly involving collective action, the direct productive use involves material flows through forest-related economic activities.

From the analysis, it has been discerned that the households in the two villages derive high consumptive use value from the forest. However, the consumptive use has been more in Koshaka village with almost all landholding class deriving more than 90 per cent consumptive value of the total value of the products collected. Comparatively, in Gundurabari village, on the other hand, the households derive productive use value ranging from 10 to 40 per cent of the total value. The consumptive value derived, however, has ranged almost equally across all the landholding class in both villages. Four broad categories of consumptive use have been identified in this study: grazing and green fodder, food, fuelwood and timber including bamboo.

The analysis has revealed that despite the differences in their economic status, the households in both villages derive high tangible flow of benefits from the forest. This dependency on the forest is more for livelihood purposes, particularly for food and fuelwood. In other words, there is less reliance on monetary transactions in the benefits appropriated by the households from the forest.

Institutional Conditions

The institutional conditions underlying the group cohesion for collective well-being have been examined keeping in view two important institutional provisions that earlier studies have shown to have a strong bearing on user-group compliance with resource management strategies: (i) the provisions regarding leadership and communication; and (ii) the provisions for decision-making and rule formulation (Sekher, 2001).

In the two villages surveyed, the choice of leadership has been determined by a process of informal selection through a *procès-verbal*

system wherein the villagers give their unanimous support to some among themselves, based on their ability and the respect they enjoy, to act as 'monitors' in the resource management process. They have constituted the executive body called the 'Jungle Committee', whose responsibility is to run the day-to-day affairs pertaining to the forest protected by the community.

In Koshaka village, five persons have been assigned the responsibility to act as 'monitors' including a *Sabhapati* (President) and a Secretary whose main responsibility is to maintain the record books. This record keeping responsibility also involves keeping an account of the income generated from the forest commonly known as 'jungle fund'. One important fact that needs to be mentioned here is that women have not been selected as executive members of the jungle committees. Social restriction is an important reason for their non-involvement in the management of the forest. However, this limited role of the women in the public sphere does not imply that they have no influence. Their influence is mainly indirect through their male counterparts who attend the meetings. Within their domestic domain, the women appear to have a strong influence in family discussions.

A two-tiered decision-making structure exists in the two villages. While the day-to-day forest management affairs are looked after by the executive body members (the selected leaders), there is a general body comprising of all households in the villages represented through their heads, which take all decisions regarding formulation of rules on utilization and conservation of the forest on the basis of unanimity among the households. This consensus-based approach provides the individual group members the option of direct participation in core decision-making. This decision-making process has a bearing on the institutional provisions and the enforcement of the management rules that formalize the groups' activities and responses. The rules are unwritten and have been evolved by the villagers on the basis of their own indigenous knowledge and understanding of the resource condition and local needs. It is, thus, obvious that an important institutional strength of indigenous strategies for resource (forest) management lies in its broad-based consultative, rather than representative leadership, wherein decision-making is consensus-based.

PARTICIPATION IN RESOURCE MANAGEMENT

Both the villages have recorded high group involvement in almost all participatory activities relating to the resource management. Participation has been assessed on the basis of households' perception of their involvement in various management activities by using a ranking scale. High involvement has been particularly observed in three management activities, namely (i) participation in village

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meetings to discuss modalities of resource use and protection, which also acts as a means of communication between group members not only to get information but also to express grievances; (ii) involvement or participation in resource management by conforming to the entry rules and user guidelines; and (iii) involvement in organized management activities such as those related to the resource protection and tackling some natural calamity threatening the 'stock', for example, forest fire.

Almost total involvement of the groups has been observed in these instances in both villages. This shows that self-initiated strategies of user-groups for managing scarce natural resources, involving high level of group conformance with existing rules, provide an institutional base wherein there is high participation in management activities implying high cooperation within the groups. High to moderate level of involvement has been observed in the members' assessment of their involvement in rule formulation activities (organizing activities). Although, participation in village meetings and the decision-making process is rated by the members as high, their involvement in actual decision-making is rated as relatively moderate. This is mainly because physical presence in village meetings does not necessarily suggest actual involvement in decision-making, though it provides a transparent system wherein the community is in the know of the decisions taken and wherein individuals have an opportunity to express their opinion in the discussions emanating in the event of disagreement.

Koshaka village has shown high involvement in enforcement activities, as it already has institutionalized enforcement mechanisms, while Gundurabari has shown low involvement due to its informal enforcement mechanism that does not call for regular meetings. Low rating of group involvement in both villages with regard to liaison activities (interaction with officials from forest department and other visitors/authorities related to the forest) is not surprising. It has been normally left to the jungle committee members (mainly the Sabhapati) to engage in liaison activities. The indigenous organizations of user-groups provide a basis for high user-involvement in the management process. The low rate of standard deviation indicates fewer inequalities in the participation process.

RECOGNIZING SELF-INITIATIVES AS ALTERNATIVE MICRO-INSTITUTIONS FOR RESOURCE MANAGEMENT

The analysis of this study reveals the innate desire of the locals to protect and conserve a resource system traditionally used by them. Under such indigenous local organizations, the cooperation among the

users is a kinship of need, cloaked by a resolve to preserve that which is available and is presumed to be theirs. The group conformity with the institutions for conserving the resource is a self-assumed mechanism of the community to enrich its 'collective capital'. Thus, the indigenous micro-institutional strategy is a coalition of the willing. The pre-conditions for effective self-initiated strategies in managing scarce natural resources like forest can be broadly identified as: (i) the presence of a close symbiotic relationship between the user-community and the resource (forest) located in their vicinity; (ii) the occurrence of direct consumptive benefits to the community; (iii) the existence of a system of consensual decision-making process grounded in mutual inter-exchanges among group members; and (iv) a broad-based consultative, rather than a representative form of leadership.

The indigenous strategies reflect the desire of the user-group to preserve the continual flow of benefits from the resource with emphasis being on 'conservation with provision'. Despite their heterogeneous socio-economic character, communities residing in a particular locale do act together for a common good when the transactions involve mutual gains. This is particularly observed in the realm of natural resource management, specially forest, wherein there is perceived flow of benefits to the user-community and everyone 'looses out' in the absence of cooperation.

While JFM programme in India, with massive foreign assistance, has succeeded in creating significant interest and awareness in forest management among rural communities, it has not met with similar success in building the bridge between the people and the forest department through collaborative forest management efforts because of a number of shortcomings inherent in the programme. These are: lack of autonomy to government-engineered village forest committees constituted under JFM; failure to recognize the traditional rights of the people over the forest; lack of accountability in the JFM programme; and non-acceptability of the system of sharing produce (timber) as the end product between the community and forest department, by the protecting community. There is a need for strengthening the participatory forest management policy of the government by recognizing these self-initiated strategies.

SUMMING UP

This chapter has stressed the fact that the strength of self-initiated resource management strategies lies in there being a close symbiotic relationship between the resource and the resource users; direct consumptive benefits from the resource to the user community; and a system of consensual arrangement among the group members grounded in their traditions of co-habitation. It has emphasized the need for policies to be built upon these positive aspects of indigenous

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management system wherever it exists as a critical step for strengthening efforts aimed at resource conservation and management through community involvement. However, as the arguments in this chapter are based on a once-off study with a limited sample, its purpose is not to make any generalizations. But considering the fact that large forest tracts are now being protected and regenerated by user-group self-initiatives, this study reveals important possibilities and broad indications for alternative institutional strategies in participatory resource management through user-group self-initiatives.

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